

DATE OF MEETING November 8, 2021

AUTHORED BY LISA BRINKMAN, PLANNER, CURRENT PLANNING

SUBJECT COMMUNITY AMENITY CONTRIBUTION POLICY

OVERVIEW

Purpose of Report

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

Recommendation

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

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 CAC Policy'. CACs are negotiated and secured at the time of a rezoning application or land use covenant amendment application. The current CAC rates were established in 2010 and a new CAC Policy is needed to encourage greater contributions for public amenities as the city grows. As outlined in the timeline below, a draft CAC Policy was presented to the Governance and Priorities Committee (GPC) on 2021-MAR-08, and based on Council direction, a revised CAC Policy was presented at the 2021-JUL-12 GPC meeting. At the 2021-JUL-26 meeting, Council directed Staff to conduct further consultation with the development community. The proposed CAC Policy reflects further study and clarifications made to the policy since July 2021.

Timeline of CAC Policy project to date:

<i>Date:</i>	<i>Action:</i>
2019	Council directed Staff to review the current CAC rates and implement an action item in the Affordable Housing Strategy to update the CAC Policy.
January –July 2020	Land economist Gerry Mulholland of Rollo & Associates Ltd. provided a report with an analysis and recommendations for new CAC rates that are market driven and reflect the financial realities of development in the city of Nanaimo.
August 2020	Staff drafted a CAC Policy as informed by the Rollo & Associates Ltd. report.
September - November 2020	Staff referred the draft CAC policy to other City departments and held several meetings with Nanaimo's development community. The comments received are integrated into the draft policy.
March 2021	Staff presented a draft CAC Policy to the GPC to receive input and direction for community consultation. Council directed Staff to amend the policy by increasing the CAC rates to the levels recommended by Rollo & Associates Ltd.

April-May 2021	Staff completed community consultation with active neighbourhood associations and representatives from the Nanaimo development community.
July 2021	Staff presented a CAC Policy to the GPC for consideration and Council requested additional information and directed Staff to continue to work with the Nanaimo Development Group (NDG) and other appropriate stakeholders.
September – October 2021	Rollo & Associates Ltd. provided additional information to address the questions that originated from the July 2021 GPC meeting, and Staff facilitated a joint meeting with the NDG and Rollo & Associates Ltd. to discuss the CAC Policy.

DISCUSSION

At the 2021-JUL-26 meeting, Council passed a motion directing,

“Staff to work with the Nanaimo Development Group (NDG) and other appropriate stakeholders to look at options and provide more information regarding:

- *Calculation for townhouse residential dwellings based on a per area calculation*
- *Amenity contribution values based on net floor area”*

On 2021-OCT-13, Staff met with representatives of the NDG and Rollo & Associates Ltd. to further discuss the draft CAC Policy, and the result of this additional engagement was that the NDG provided a written response with recommendations for the CAC Policy (see Attachment B). In addition, Rollo & Associates Ltd. provided a memo responding to the 2021-JUL-12 GPC discussion and NDG comments regarding CACs in relation to housing affordability, property taxes, floor area versus per unit rates, and ad hoc negotiations for CACs (see Attachment C). The consultation with NDG and the information provided by Rollo & Associates Ltd. informed the updated CAC Policy and proposed CAC rates.

Below is a summary of the NDG’s recommendations from the recent consultation, with Staff’s response:

- NDG recommends utilizing a CAC rate based on the floor area for multi-family dwellings:
 - The CAC Policy has been revised to include a rate based on floor area for multi-family units. For single family and townhouse dwellings, the CAC Policy remains as a per unit rate.
- NDG recommends including the high-level assumptions that have informed the CAC rates, and requires more clarity to ensure that project specific negotiations with the City are an option:
 - The July 2020 report prepared by Rollo & Associates Ltd. contains the rationale, analysis, and assumptions for the proposed CAC rates.
 - While the CAC Policy has always contained a clause stating that a flexible approach will be used in negotiations, a clause has been added to the CAC Policy

to further acknowledge that each rezoning proposal is unique, thus the City may accept a third-party financial analysis (at the expense of the applicant) to inform the CAC negotiation process.

- NDG supports the approach of basing the CAC rate on the total number of units (or total floor area), and acknowledges that project-specific negotiations to analyze the project's financial lift are time consuming and add additional cost:
 - The proposed CAC rates are based on the total number of units (or total floor area), and this approach is consistent with the City's practice as well as the recommendations from Rollo & Associates Ltd.
- NDG has indicated that the gradual increase in CAC rates as proposed by Rollo & Associates Ltd. would cause a negative impact to the development community, thus NDG has recommended a lower set of CAC rates with a gradual increase for the next three years (see Attachment C):
 - The CAC Policy has been revised to reflect the NDG's recommended set of CAC rates for 2022, 2023 and 2024, with slight modifications. In addition, a gradual increase in January 2025 has been added to achieve the full CAC rate as recommended by Rollo & Associates Ltd. This approach will ensure the City is easing the impact to the development community while gradually reaching fair market CAC rates that are comparable to other municipalities on Vancouver Island that are similar in size to the city of Nanaimo.
- NDG recommends a review of the CAC policy every three years:
 - Since it is proposed there be a gradual increase to CAC rates for the next four years, it is recommended the CAC Policy be reviewed in four years.

Proposed CAC Rates (November 2021)

Based on the July 2020 report provided by Rollo & Associates Ltd. and the recommendations received from the NDG, the following gradual increase in CAC rates is proposed:

	CAC Rate starting 2022-JAN-01	CAC Rate starting 2023-JAN-01	CAC Rate starting 2024-JAN-01	CAC Rate starting 2025-JAN-01
Single Residential Dwelling	\$3,000 per unit	\$4,200 per unit	\$6,000 per unit	\$8,000 per unit
	CAC Rate starting 2022-JAN-01	CAC Rate starting 2023-JAN-01	CAC Rate starting 2024-JAN-01	CAC Rate starting 2025-JAN-01
Townhouse Residential Dwelling <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	\$4,000 per unit	\$5,600 per unit	\$7,500 per unit

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	CAC Rate starting 2022-JAN-01	CAC Rate starting 2023-JAN-01	CAC Rate starting 2024-JAN-01	CAC Rate starting 2025-JAN-01
Multiple Family Dwelling <i>(other than Townhouse)</i>	\$30 per m ² of Gross Floor Area*	\$41 per m ² of Gross Floor Area*	\$55 per m ² of Gross Floor Area*	\$60 per m ² of Gross Floor Area*
Commercial and Industrial	\$34 per m ² of Gross Floor Area*	\$34 per m ² of Gross Floor Area*	\$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	\$10,000 per store	\$10,000 per store
Student Housing	\$1,000 per bed	\$1,000 per bed	\$1,000 per bed	\$1,000 per bed

*Gross Floor Area is as defined by the "City of Nanaimo Zoning Bylaw 2011 No. 4500".

Staff recommend supporting the CAC Policy with the gradual increase to CAC rates as indicated in the above table. The proposed CAC rates reflect a balanced approach that is consistent with the recommendations from Rollo & Associates Ltd., while also responding to the concerns and recommendations from the NDG.

OPTIONS

1. That the Governance and Priorities Committee recommend that Council endorse the Community Amenity Contribution Policy.
 - Advantages: Staff have been in consultation with representatives from the development community since September 2020, and the proposed CAC rates reflect a balanced approach that is consistent with the recommendations from Rollo & Associates Ltd., while also responding to the concerns and recommendations from the Nanaimo development community.
 - Disadvantages: The proposed gradual increase to the CAC rates to 2025 means the City is delaying collecting the higher CAC rates, which in turn delays the provision of funding for amenities in the city.
2. That the Governance and Priorities Committee recommend that Council endorse the Community Amenity Contribution Policy with the CAC rates as recommended by Rollo & Associates Ltd. (with floor area rates for multi-family units) as follows:

	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 <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

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	CAC Rate starting 2022-JAN-01	CAC Rate starting 2023-JAN-01	CAC Rate starting 2024-JAN-01
Multiple Family Dwelling <i>(other than Townhouse)</i>	\$30 per m ² of Gross Floor Area*	\$40 per m ² of Gross Floor Area*	\$60 per m ² of Gross Floor Area*
Commercial and Industrial	\$34 per m ² of Gross Floor Area*	\$34 per m ² of Gross Floor Area*	\$34 per m ² of Gross Floor Area*
Cannabis Retail Store	\$10,000 per store	\$10,000 per store	\$10,000 per store
Student Housing	\$1000 per bed	\$1000 per bed	\$1000 per bed

*Gross Floor Area is as defined by the "City of Nanaimo Zoning Bylaw 2011 No. 4500".

- Advantages: Rollo & Associates Ltd. has considered the development costs in Nanaimo and has determined that their recommended CAC rates are supportable and comparable to similar municipalities in B.C and on Vancouver Island.
- Disadvantages: The NDG has expressed that they would like a more gradual increase in the CAC rates to alleviate impact to the development community. |

SUMMARY POINTS

- The current CAC rates were established in 2010, and a new CAC Policy is needed to encourage greater contributions for public amenities as the city grows.
- A revised CAC Policy is being presented to the Governance and Priorities Committee in response to direction from the GPC and Council in July 2021.
- The proposed CAC Policy achieves the CAC rates as recommended by Rollo & Associates Ltd. in a more gradual timeline to reduce the impact to the development community.

ATTACHMENTS:

ATTACHMENT A: Community Amenity Contribution Policy
ATTACHMENT B: Email from Nanaimo Development Group (2021-OCT-14)
ATTACHMENT C: Memo from Rollo & Associates (2021-OCT-15) |

Submitted by:

Lainya Rowett
Manager, Current Planning

Concurrence by:

Jeremy Holm
Director, Development Approvals

Dale Lindsay
General Manager, Development Services