

2023

CITY OF VICTORIA

Inclusionary Housing and Community Amenity Policy



1. Policy Purpose

The Inclusionary Housing and Community Amenity Policy sets out the City of Victoria's expectations for Community Amenity Contributions (CACs) and helps steer the rezoning process for new residential developments.

The City of Victoria is facing an affordable housing crisis. Increasing residential densities in strata redevelopment has increased the need for affordable housing and put pressure on community amenities across the city. The Inclusionary Housing and Community Amenity Policy encourages the supply of new affordable housing through inclusionary housing units, either secured rental or affordable homeownership units in multi-unit or mixed-use residential developments that meet Victoria's housing affordability targets.

To mitigate costs and challenges associated with delivering affordable housing in small numbers, monetary contributions to municipal reserve funds can be made in lieu of inclusionary housing units in small and moderately sized projects, so it can accrue over time to help effectively deliver local amenities and affordable housing.

This policy balances the need for new inclusionary housing units or payments with the proposed development's ability to provide the CACs by limiting the value of expected CACs to a reasonable fixed amount per square foot of increased density and by establishing CAC amounts that are equal to 75 per cent of the value of the increased density.

2. Rezoning Proposals for Bonus Density

Rezoning proposals seeking bonus density will be considered by the City based on their alignment with Official Community Plan (OCP) policies, relevant local area plans, other adopted City plans and unique characteristics of the site. It should not be assumed that rezoning proposals will be approved simply because amenity contributions are proposed in accordance with this policy (see OCP Policy 6.3).

3. Application of Policy

This policy applies to proposals for rezoning that include a residential use located in areas with the following OCP Urban Place Designations:

- Town Centre
- Large Urban Village
- Small Urban Village
- Housing Opportunity
- Urban Residential
- Mixed Residential
- Core Historic
- Core Business
- Core Employment
- Core Songhees
- Core Inner Harbour/
Legislative

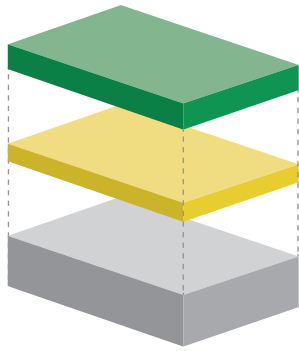


Development applications with no residential use or in areas designated as Traditional Residential within the OCP are not requested to make Community Amenity Contributions under this policy, but may be requested to make amenity contributions as defined in other policies or regulations. For example, additional site-specific amenity provisions may be required in accordance with local area plans such as the Downtown Core Area Plan or Harbour Plan.

The Community Amenity Contributions defined in this policy are to be used as a guide only. Alternative contributions may be considered by Council in unique circumstances. Alternatives to the inclusionary housing units or cash contributions defined in this document would be negotiated and determined based on identified community needs and should reflect 75 per cent of the value of the increased bonus density.

4. Levels of Bonus Density

This policy establishes two levels of residential bonus density. One or both of the Bonus Density Levels 'A' or 'B' may apply to specific developments where an application seeks density entitlements beyond current zoning:



Level 'B' : OCP Base Density to Proposed Density

An increase in residential density from the OCP base density to the proposed density if CAC or inclusionary housing units are provided.

Level 'A': Existing Zoning to OCP Base Density

An increase in residential density from the Zoning Regulation Bylaw or Zoning Bylaw 2018 to the OCP base density if CAC or inclusionary housing units are provided.

As-of-right Zoning: Amount of residential density permitted on an outright basis in the Zoning Regulation Bylaw or Zoning Bylaw 2018. No CAC or inclusionary housing units are provided.

In cases where the current zoning is higher than the OCP base density, only Level 'B' bonus density would apply, using the increase from existing zoning to the proposed density.

In mixed-use residential applications, any density above the base density will be considered the residential portion of the project and will be subject to this policy consistent with the Level 'B' bonus contribution targets.

5. Rental Housing Applications

The primary purpose of the policy is to establish standards for appropriate Community Amenity Contributions (CACs) from rezoning applications for strata residential developments. However, there are some scenarios where rezoning applications for secured rental projects would be encouraged to provide CACs under this policy. The table below outlines the expectations for different types of rental housing rezoning applications.

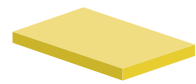
<p>Secured rental housing (excluding applications in the Housing Opportunity designation)</p>	<p>100 per cent purpose-built rental projects (or mixed-use projects where the residential portion is entirely rental) with tenure secured by legal agreement in perpetuity and which conform with the existing OCP Urban Place Designation are not expected to provide CACs under this policy.</p>
<p>Secured rental housing with concurrent OCP amendment (atypical rezoning applications)</p>	<p>100 per cent purpose-built rental projects (or mixed-use projects where the residential portion is entirely rental) with tenure secured by legal agreement in perpetuity seeking a concurrent OCP amendment may be requested to prepare an economic analysis in accordance with Approach 2 for atypical rezoning applications (as defined on pg. 7) to determine if an additional CAC is encouraged (see pg. 8).</p>
<p>Secured rental in Housing Opportunity designation and applications seeking the Housing Opportunity designation</p>	<p>100 per cent purpose-built rental projects (or mixed-use projects where the residential portion is entirely rental) with tenure secured by legal agreement in perpetuity in the Housing Opportunity designation will be encouraged to provide CACs in accordance with those suggested for Housing Opportunity rezoning applications (see pg. 9), which establishes standards for appropriate on-site affordable housing for secured rental projects seeking higher densities.</p>
<p>Secured non-market housing</p>	<p>Housing where there is a legal agreement securing affordability and rental tenure for a minimum period of 60 years and is either: i) wholly owned and operated by a public housing body as per the Residential Tenancy Act, or ii) operated by a public housing body as per the Residential Tenancy Act pursuant to a legally binding arrangement with the property owner, will not be expected to provide CACs under this policy. This includes rezoning applications where the applicant is seeking a concurrent OCP amendment.</p>
<p>Seniors' housing subject to the Community Care and Assisted Living Act (all areas)</p>	<p>Seniors' assisted living housing projects operated under the Community Care and Assisted Living Act and where the application aligns with the current OCP Urban Place Designation will not be expected to provide a CAC under this policy.</p>

6. Inclusionary Housing and Community Amenity Policy

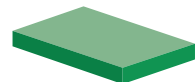
The following figures outline the suggested standards and approaches for typical, atypical and housing opportunity rezoning applications.

Approach 1: Typical Rezoning Applications

This figure describes the City’s suggested inclusionary housing unit and amenity contribution targets for typical strata residential or mixed-use residential scenarios.



Level ‘A’ Bonus
Existing Zoning up to OCP Base Density



Level ‘B’ Bonus
OCP Base Density or Existing Zoning (whichever is higher) up to Proposed Density

Project Types

- **≥60 UNITS = Large Projects**
- **≤59 UNITS = Small & Moderate Projects**

PROJECT TYPE & AREA	CONTRIBUTION TYPE	AFFORDABLE HOUSING & AMENITY CONTRIBUTION TARGETS
In Urban Core, Town Centres, Small & Large Urban Villages, Mixed Residential & Urban Residential	Cash-in-lieu	\$5/ft ²
Urban Core ² , Town Centres, Large Urban Villages & Urban Residential	Affordable Rental Units	Provision of 20% of the projects total FSR or total number of units ¹
	Affordable Homeownership Units	Number of units would be based on economic analysis SEE SECTION 7
Urban Core ² , Town Centres & Large Urban Villages	Cash-in-lieu	\$35/ft ²
Urban Residential	Cash-in-lieu	\$20/ft ²
Small Urban Villages	Cash-in-lieu	\$5/ft ²

¹ 10 to 20 per cent may be considered appropriate if: (a) applicant demonstrates that provision of 20 per cent of units or Floor Space Ratio (FSR) as inclusionary housing units would make the project not financially viable; (b) the project is primarily (minimum of 51 per cent of units) comprised of family size (two or three bedroom) units; or (c) the project is built to either the Strong Carbon Performance Tier, or the Zero Carbon Performance Tier of the Zero Carbon Step Code, whichever is higher than requirements at the time of permitting.

² Urban Core includes the following OCP urban place designations: Core Business, Core Historic, Core Employment, Core Songhees, Core Residential, and Core Inner Harbour/Legislative.

Approach 2: For Atypical Rezoning Applications

Identifies unique projects where an economic analysis will typically be requested by the City (see additional direction for atypical rental housing applications on pg. 8) and the fixed rate contribution targets in Approach 1 will not apply.

The economic analysis will calculate the land value created by the rezoning proposal beyond the land value under existing zoning to identify a CAC level that can be provided while the project remains economically viable. Atypical rezoning applications for strata housing containing 60 or more units should consider an on-site inclusionary housing unit contribution equal to 75 per cent of the land lift value.

Atypical rezoning applications are defined as **one or more** of the following:

1. Requires an amendment to the Urban Place Designation in the OCP
2. Involves a rezoning from a zone with no residential use (e.g. industrial, general employment, shopping centre) to a zone which allows for residential use
3. Requires significant on-site public amenities specified in a City plan
4. Is larger than a half city block
5. Contains a building which is eligible for heritage conservation and/or heritage designation, or listed on the Heritage Register
6. Is subject to a Master Development Agreement (MDA) at the time the application is made
7. Mixed-use residential projects in the Special Density Area of the Downtown Core Area Plan

Rental Housing Economic Analysis Criteria

Where an applicant is proposing secured rental housing under an atypical application, the following criteria will be considered by the City to determine if an economic analysis is requested:

- The scale of the proposed rental housing project (i.e., small to moderate project or large project)
- The proposed increase in density above the current zoning
- The number of on-site affordable rental or below-market rental housing units proposed or other affordable housing contributions
- Additional community amenities provided
- Current rental market conditions

Please refer to Section eight in this policy for further guidance on the use of an economic analysis to determine appropriate cash-in-lieu contributions or appropriate level of inclusionary housing units.

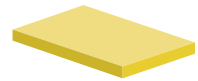
Heritage Conservation Applications

Heritage conservation applications, where the heritage contributions are determined through an economic analysis to be of a value equal to or greater than that of the identified amenity contribution standards of the policy, will not be requested to provide additional amenity contributions.

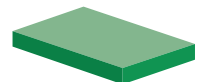
Approach 3: Housing Opportunity Rezoning Applications

The figure below identifies suggested standards for inclusionary housing units and CACs for rezoning applications in the Housing Opportunity Urban Place Designation. The Official Community Plan identifies that, at higher densities, Housing Opportunity areas are envisioned to accommodate primarily secured rental housing and provide additional public benefit through amenity contributions and on-site affordable rental.

Applications seeking densities above 2.0:1 FSR are encouraged for secured rental housing with substantial public benefit in the form of affordable rental units. Applications for market-driven seniors assisted living projects without inclusionary housing units are not considered as meeting the threshold for substantial public benefit under this policy.



Level 'A' Bonus
Existing Zoning up to OCP Base Density



Level 'B' Bonus
OCP Base Density or Existing Zoning (whichever is higher) up to Proposed Density

PROJECT TYPE	PROJECT SIZE*	CONTRIBUTION TYPE	AFFORDABLE HOUSING & AMENITY CONTRIBUTION TARGETS
Strata	All Project Sizes	Cash-in-lieu	\$5/sq ft
Secured Rental	All project sizes	Secured Rental	Secured rental in perpetuity
Secured Rental (up to 2.0:1 FSR)	All project sizes	Secured Rental	Secured rental in perpetuity
Secured Rental (above 2.0:1 FSR)	All project sizes	Secured Rental and Affordable Rental Units	Secured Rental in perpetuity and Provision of 8% of the project's total FSR or total number of units as affordable rental units
Strata (considered only up to 2.0:1 FSR)	Large Projects*	Affordable Rental Units	Provision of 20% of the projects total FSR or total number of units**
	Large Projects*	Affordable Homeownership Units	Number of units would be based on economic analysis as per SECTION 7
	Small and Moderate Projects*	Cash-in-lieu	\$20/sq ft

*Please see project size categories established in Approach 1 for typical rezoning applications.

**Range of between 10-20 per cent may be considered as per the conditions outlined in Approach 1 for typical rezoning applications; as per footnote 1 on page 6.

7. Determining CACs Using an Economic Analysis

An economic analysis conducted at the applicant's expense may be used to determine the amount of CAC an approvable project can support in atypical rezoning applications. The City considers 75 per cent of the increase in land value from existing zoning to be a reasonable balance between the need for CACs and a project's economic viability. In cases where inclusionary housing units are proposed, it is expected that the unit contribution should equal 75 per cent of the increase in land value.

The City may also require an economic analysis in some typical rezoning applications including large projects (60 or more units) where:

- fewer than 20 per cent of the total units or total floor space ratio are provided as inclusionary affordable rental units and the applicant is looking to demonstrate that provision of 20 per cent of the units would make the project not financially viable; or
- the applicant is proposing affordable homeownership units as the inclusionary housing units.

In the above instances, the value of the inclusionary housing unit contribution should equal 75 per cent of the increase in land value from the existing zoning to the proposed use. In cases where the project is mixed-use strata residential with commercial uses the City may also request an economic analysis that identifies any increase in land value with the proposed residential and commercial densities.

Other examples of when an economic analysis may be requested include but are not limited to:

- The existing zoning permits a density (within same use category) that is higher than the base OCP density.
- The land value under existing zoning is higher than the base OCP land value.
- The proposed density is significantly lower than the maximum permitted OCP density.

Economic analysis is to be completed by an independent third-party consultant agreed upon by the applicant and the City of Victoria and engaged by the City. Alternatively, at the City's determination, the study may be undertaken by an agent or employee of the City qualified to perform such analysis.

The applicant is expected to provide key information to support the analysis, such as detailed hard and soft cost estimates for the project (from a third-party contractor or quantity surveyor), an appraisal (or valuation) supporting any valuations under existing use and existing zoning as well as any other information that the City (or its consultant) thinks is required.

The hard cost estimates for the project should be prepared by a certified Project Quantity Surveyor or Royal Institute of Chartered Surveyors Cost Professional and meet the standards of Class C cost estimates. The hard cost estimates should provide a breakdown of both project costs and the amenity costs with land lift calculated on the pre-dedication land area. Any frontage works, statutory right-of-way (SRW) improvements and road dedications (e.g., mid-block crossings, waterfront paths) should not be considered as amenities. Amenity contributions are expected to generally reflect needs identified in Citywide or Local Area Plans and as identified by the City through the rezoning application process. The cost per square foot or linear metre for frontage SRW works and road dedication must be prepared by a certified Project Quantity Surveyor or Royal Institute of Charter Surveyors Cost Professional. All cost estimates should differentiate between the costs to meet bylaw requirements (i.e., minimum tree standards, frontage improvements, Downtown Public Realm Standards) and any project costs which exceed bylaw and policy requirements.

8. Allocation of Cash-in-lieu Community Amenity Contributions

Cash-in-lieu contributions collected from both typical and atypical applications will generally be allocated to the Victoria Housing Reserve Fund or to community amenities:

Allocation	Priority	Fund Descriptions
70%	Affordable Housing	Victoria Housing Reserve Fund provides grants to assist in the development and retention of affordable housing for low or moderate income households within Victoria.
30%	Community Amenities	Monetary amenity contributions provided by projects within the Downtown Core Area will be directed to the Downtown Core Area Public Realm Improvement Fund . Monetary amenity contributions for projects outside of the Downtown Core Area will be directed to the Local Amenities Fund and earmarked for the neighbourhood or local area where the density is realized. Decisions on what community amenities the funds will support will be based on City priorities and local neighbourhood needs.

Schedule A: Inclusionary Housing Expectations

The following section outlines the options and expectations for inclusionary housing units created through this policy.

Inclusionary Housing Unit Ownership: The developer can retain ownership or sell.

Affordable Homeownership Units: Partnership with a non-profit organization and/or government agency is required; however, affordability will remain flexible to align with existing or emergent programs:

- The unit purchase prices should be near the City’s moderate household income targets that range from \$70,000 to \$99,000 per year depending on unit size with additional flexibility in target incomes for family-sized units (two and three bedroom units).
- Units will be owner-occupied as secured through legal agreements.
- Owners will be income tested to verify eligibility.
- The City retains long-term benefits either in the form of restrictions on resale, or the collection of CACs upon resale as part of BC Housing’s Affordable Homeownership Program.
- Records of ownership and resales reported to the City upon request.

Affordable Rental Units: Partnership with a non-profit housing provider and/or government agency is strongly encouraged and the affordability thresholds listed below should be achieved and maintained:

- Monthly housing costs should include all fees and charges and not exceed 30 per cent of total household incomes, including utilities and other strata fees or other charges. This will be secured via a legal agreement and may be subject to monitoring.
- Monthly housing costs should align with the City’s affordable rents and income limits for households with median incomes shown below (based on 2021 Census).

	Studio	1 Bed	2 Bed	3+ Bed
Monthly Housing Costs	\$1,125	\$1,250	\$1,400	\$1,750
Annual Gross Household Income	\$45,000	\$50,000	\$55,000	\$69,999

- Tenancies are to be regulated under the Residential Tenancy Act (RTA).
- The tenure will be secured as rental in perpetuity through a legal agreement.
- The owners of the inclusionary housing units may renegotiate the legal agreements should the operating costs and taxes exceed the restricted inclusionary unit rent increase over time.
- Reporting of current rent rolls to the City of Victoria is required upon request.
- Small blocks of Affordable rental units secured in Housing Opportunity Areas by market rental developers are not required to enter into a partnership with a non-profit or government agency; however, tenants must be income tested to ensure households conform to income limits when starting a tenancy.

Inclusionary Housing Unit Mix

Where projects provide inclusionary housing units the applicant is encouraged to provide those inclusionary housing units through a mix of different unit types (as per the adjacent table). Also, roughly 30 per cent of inclusionary units should be family-sized (i.e., two or more bedrooms) units.

Target	Unit Size
35%	Studio
35%	1-Bedroom
20%	2-Bedroom
10%	3-Bedroom



Schedule B: Inclusionary Housing and Community Amenity Policy Administration

1. Securing Amenity Contributions

Amenity contributions may generally be secured in one of two ways:

- Rezoning to a zone which specifies: a base density; one or more additional densities which may be achieved with the provision of community amenities; and the number, extent and kind of amenities;
- A legal agreement that will secure the amenity contribution to be delivered.

Where the amenity is a monetary contribution, it will include an escalator equal to the annual change in the Victoria Area as measured by the Consumer Price Index (CPI) or to construction cost as measured by a rate determined through an economic study commissioned by the City of Victoria on an annual basis. Monetary amenity contributions will be due prior to the issuance of a building permit. In a phased project, the amenity contribution may be divided proportionately between different phases of the development.

2. Administrative Notes

- Refer to local area plans including the Downtown Core Area Plan (DCAP) for further detail on base and maximum densities for residential or commercial use within the DCAP boundaries.
- Where the OCP indicates only one density outside of the Downtown Core Area (Industrial, General Employment), the base density for residential uses is assumed to be zero as these Urban Place Designations.
- For the purposes of this policy, seniors independent living centres, assisted living and licensed residential care homes are considered a residential use.

Appendix 1: Definitions

“Community Amenity Contribution” refers to a monetary or in-kind contribution that supports public benefits and can be provided by rezoning applicants in exchange for bonus density. Monetary amenity contributions (also referred to as cash-in-lieu) are cash payments provided by applicants in-lieu of some form of in-kind on-site public benefit. In-kind amenities include on-site affordable housing in the form of inclusionary housing units. Amenity contributions (amenities) should generally reflect needs identified in a City-wide Policy or Local Area Plan or as identified by City staff through the rezoning application process that would not otherwise be a requirement of the development. Some examples include, heritage conservation, parks, plazas, childcare space or capital investments and other community facilities.

“Consumer Price Index or ‘CPI’” means the all-items Consumer Price Index for Victoria published by Statistics Canada or its successor in function.

“Gross Household Income” means the total income before tax from all sources for every occupant of the dwelling unit and includes non-taxable income.

“Housing Costs” means the total costs for rent or mortgage, insurance, and utilities for a household.

“Inclusionary Housing Unit” means a residential rental or homeownership unit secured by legal agreement that meets the City’s housing affordability targets, for new multi-unit or mixed-use residential developments.

“Large project” means projects with 60 or greater residential units.

“Non-market Rental Housing” means housing that is rented at a price that is not set by market forces but set and controlled over time by other means. Non-market housing is usually delivered by public housing bodies such as housing non-profits or public agencies.

“Rental” means occupancy of a dwelling unit under a rental agreement that is subject to the Residential Tenancy Act.

“Small or Moderate Project” means a project with less than or equal to 59 residential units proposed.