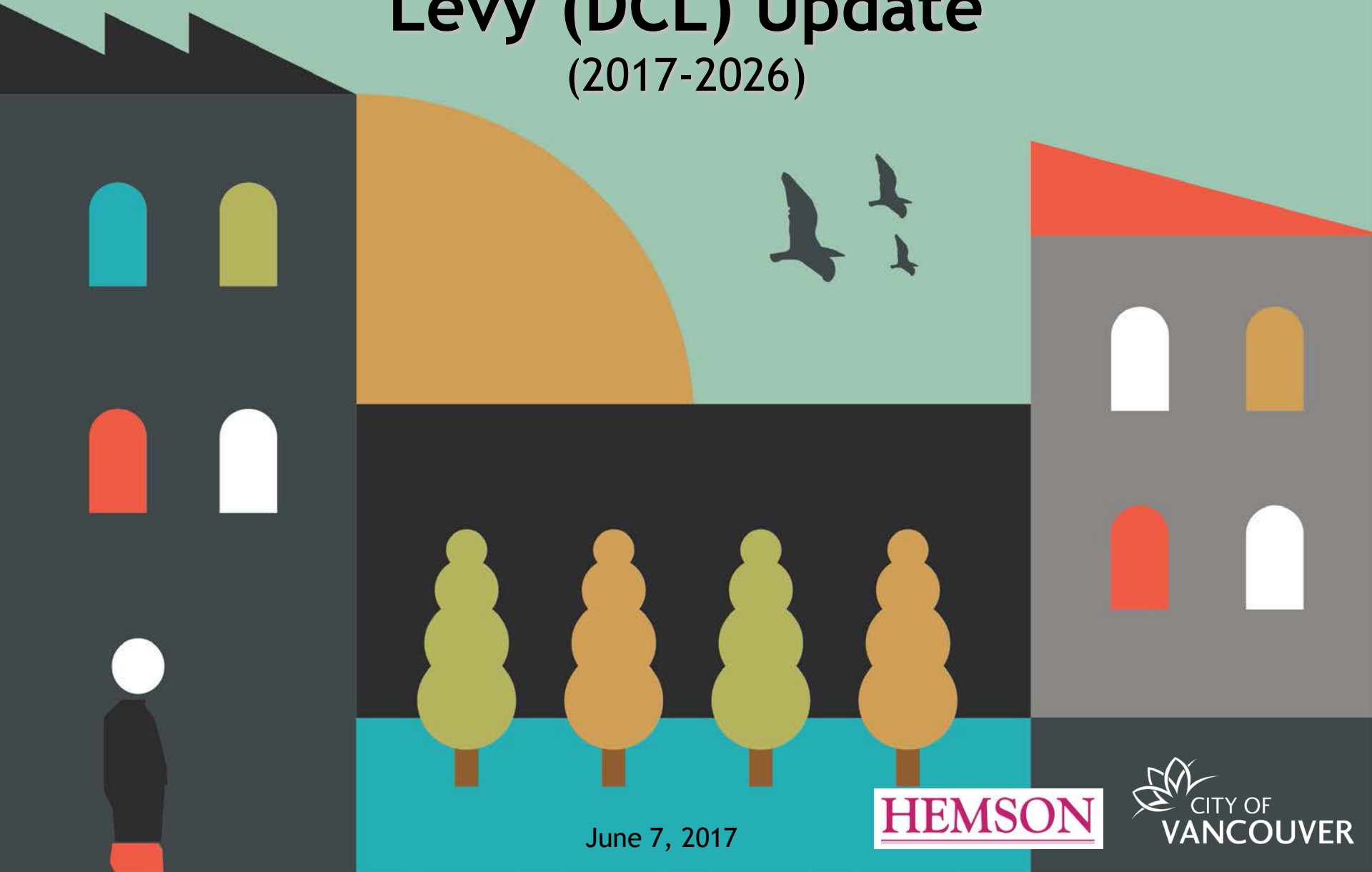


City-wide Development Cost Levy (DCL) Update (2017-2026)



June 7, 2017

HEMSON

 CITY OF
VANCOUVER

Agenda

1. Overview
2. Growth and Program Details
3. Proposed DCL Rates
4. Proposed Policy Changes
 - Extend DCL Rate Relief & New DCL rate categories
 - Unwind Downtown South DCL District
5. Next Steps

What are DCLs?

- Charges imposed on development to fund growth-related capital projects
- Pays for new infrastructure and facilities to maintain service levels as city grows
- Principle is ‘growth pays for growth’ so that financial burden is not borne by existing tax/rate payers



What are DCLs?

- Development charge that contributes towards growth-related civic facilities
- Per sq.ft. charge payable at Building Permit issuance
- Collected since 1993 = \$700M & Allocated = \$500M
- Council currently allocates DCLs as follows:

Parks (41%)



Housing (32%)



Transportation (22%)



Water, Sewer & Drainage not currently recovered by DCL

Childcare (5%)



What items do DCLs not pay for?

- DCLs only fund capital costs
 - No operating or maintenance activities
- Not all capital costs are eligible
 - Typically ‘first round’ capital related to expanding servicing capacity
- DCLs do not fund upgraded works needed for the existing population
- Nor do they fund new libraries, fire halls, police stations, recreation facilities, cultural and social facilities



Current City-wide DCLs in Vancouver

- By-law No.9755
- Legislated through Vancouver Charter, S. 523.D.
- Different density and population assumptions are made for each rate category
- Exemptions/waivers/reductions: Social housing, secured market rental housing, schools, childcare
- Utilities not currently recovered by DCLs

Current City-wide DCL Rates:

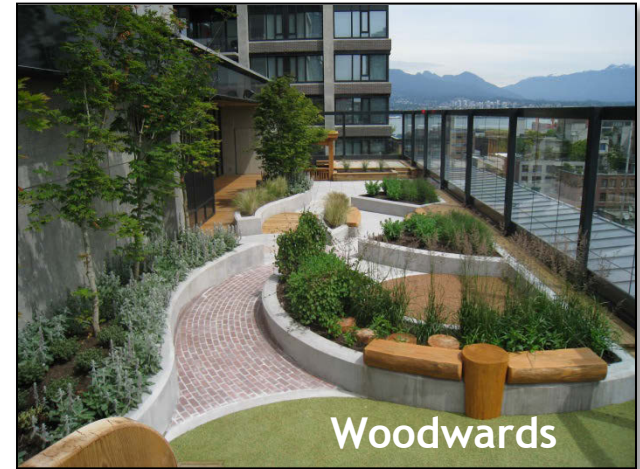
Development Type	\$/sq.ft.
Residential - at or below 1.2 FSR & laneway house	\$3.23
Residential - over 1.2 FSR, commercial, and most other uses	\$13.91
Industrial	\$5.55

Recent DCL-funded Projects

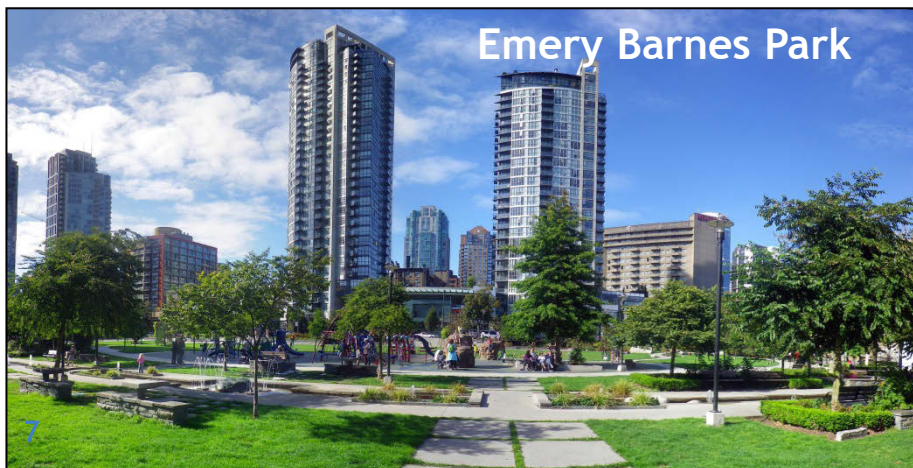
Housing



Childcare



Parks

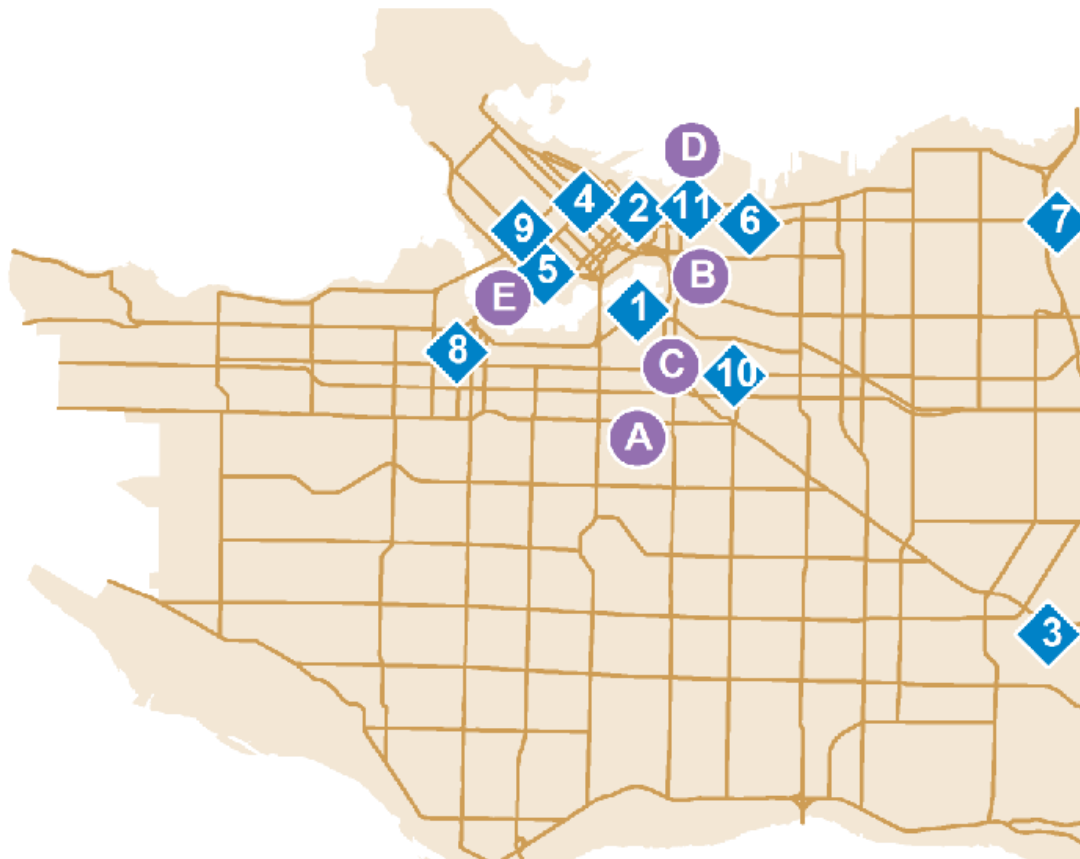


Transportation



What projects have been completed using DCLs?

HOUSING & CHILDCARE



HOUSING

1. SEFC (252 units)
2. Woodward's (200 units)
3. Kingsway Continental (123 units)
4. 337 W Pender (96 units)
5. 1321 Richards (87 units)
6. Union Gospel (37 units)
7. 3475 E. Hastings (40 rooms)
8. Sanford Apartments (62 units)
9. 1134 Burrard St (141 units)
10. 2465 Fraser St (103 units)
11. 211 Gore Ave (96 units)



CHILDCARE

- A. Simon Fraser School (85 spaces)
- B. Creekside Centre (69 spaces)
- C. Mount Pleasant Centre (49 spaces)
- D. Woodward's (37 spaces)
- E. The Mark (37 spaces)

What projects have been completed using DCLs?



What projects have been completed using DCLs?

TRANSPORTATION



TRANSPORTATION

- Walking & Cycling
 - 1. Central Valley (west)
 - 2. Central Valley (east)
 - 3. Comox
 - 4. Dunsmuir
 - 5. Hornby
 - 6. North Arm Trail
 - 7. Pt. Grey-York
 - 11. Smithe-Nelson
- ◆ Major Roads
 - 8. Upgrading of 1st & 2nd Ave. in SEFC
 - 9. Grandview-Boundary intersection
 - 10. Knight left-turn bay @ 57th Ave.

Growth Recovery Tools

DCLs

CACs

**Rezoning
Conditions**

**Land
Dedication**

**Snr Govt/
Partners**

**Property
Tax /
Utility
Fee**

Why update the By-law now?

- Council direction to update City-wide DCL (2015)
- Last major review completed in 2003; plan is to update it every 4 years
- Rising costs (land acquisition, construction)
- Updated information on growth, infrastructure & servicing needs

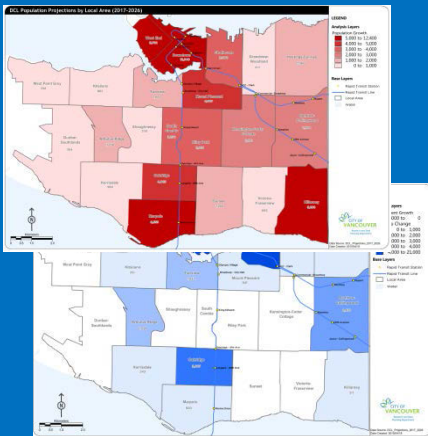
Key Elements of DCL Update

- Increased growth & rising costs
- New rate categories to address new forms of residential and non-residential development
- Introduce Water, Sewer and Drainage (essential services to support growth).
- Updated DCL rates
- Increasing DCL relief for civic facilities & non-profits aligned with civic priorities
- Continued simplification of DCL system by removing older Downtown South DCL District

DCL Update Process

Estimate Growth Projections

- Regional Context Statement
- Community Plans
- Projects in-stream



Determine DCL Eligible Capital Costs Attributed to Growth

- DCL Programs
- Other Growth-Related Funding Sources
- Municipal Assist Factor

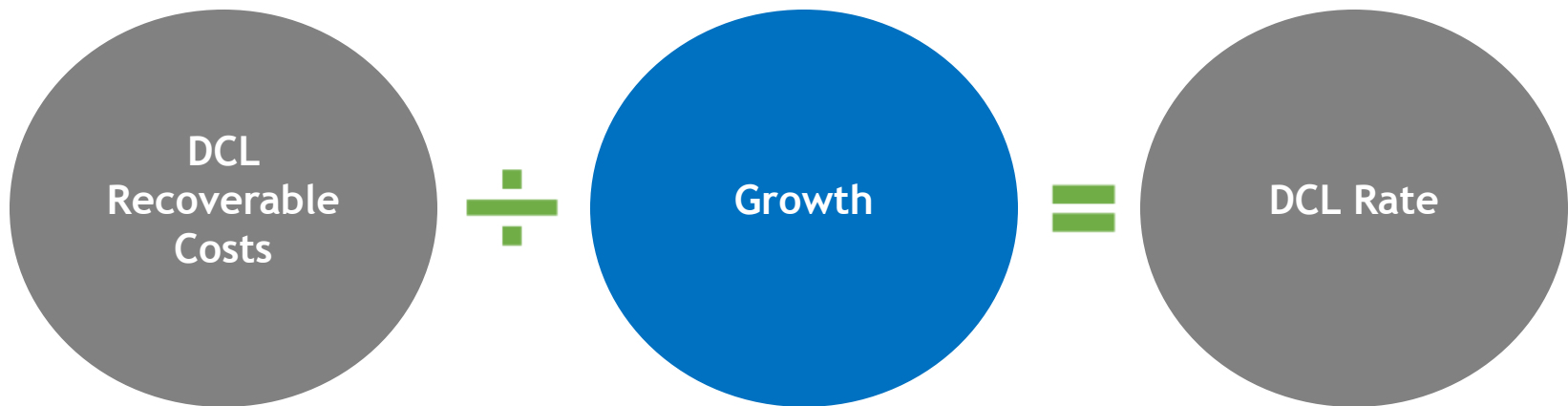
	DCL Eligible Growth-Related Cost (before deductions for other funding sources)
Transportation	\$ 623,038,754
Housing	\$ 1,000,000,000
Childcare	\$ 295,561,000
Sewers	\$ 180,997,127
Water	\$ 11,529,850
Green Infrastructure	\$ 17,144,594
Parks	\$ 551,783,000
Total	\$ 2,680,054,325

Calculate DCL Rates

- Industry Consultation
- Council Approval
- By-Law Adoption

	RESIDENTIAL AT OR BELOW 1.2 FSR AND LANEWAY HOUSE	RES IN DEVELOPMENT OVER 1.2 FSR, COMMERCIAL, AND MOST OTHER USES	INDUSTRIAL
Citywide			
Vancouver DCL	\$34.77/m ² (\$3.23/sd)	\$149.73/m ² (\$13.91/sd)	\$59.74/m ² (\$5.55/sd)
Layered			
False Creek Flats		\$63.39/m ² (\$5.89/sd)	
Grandview-Boundary	n/a	\$9.78/m ² (\$0.91/sd)	\$39.14/m ² (\$3.64/sd)
South East False Creek		\$206.21/m ² (\$19.16/sd)	\$31.29/m ² (\$2.91/sd)
Area-specific			
Downtown South	n/a	\$205.44/m ² (\$19.09/sd)	No industrial capacity

Basic DCL Calculation



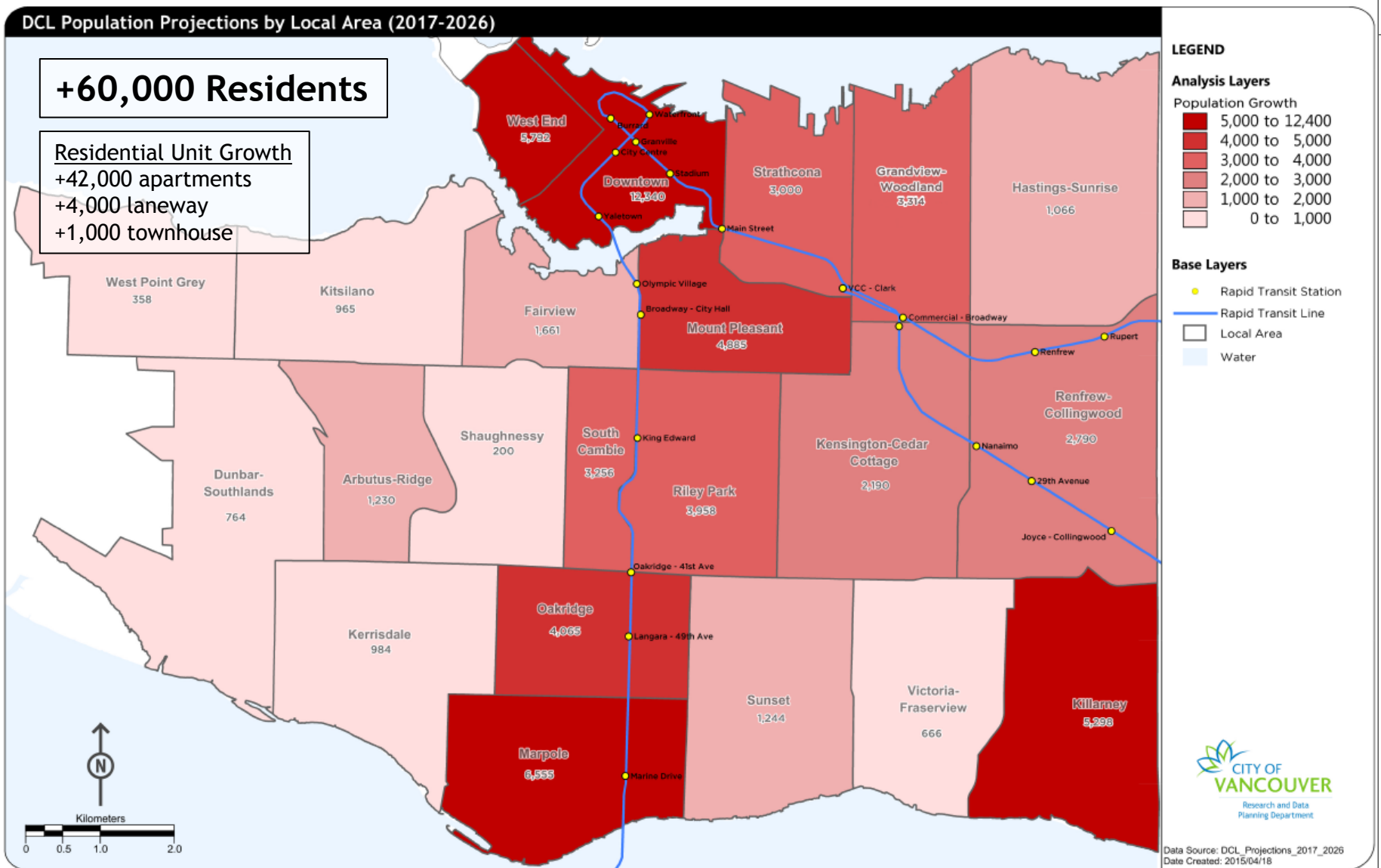
Population Growth Forecast (2017-2026)

DCL Population Projections by Local Area (2017-2026)

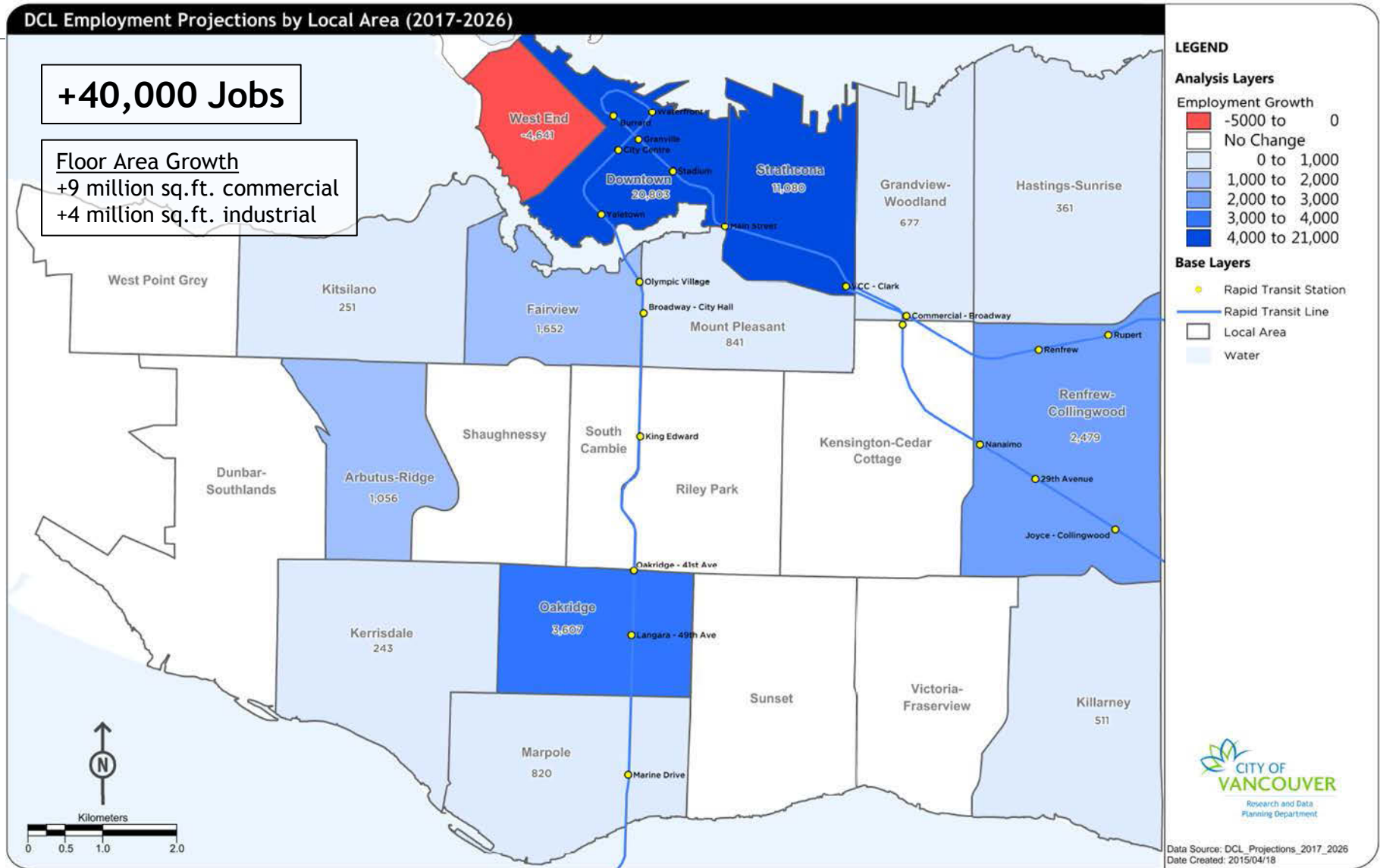
+60,000 Residents

Residential Unit Growth

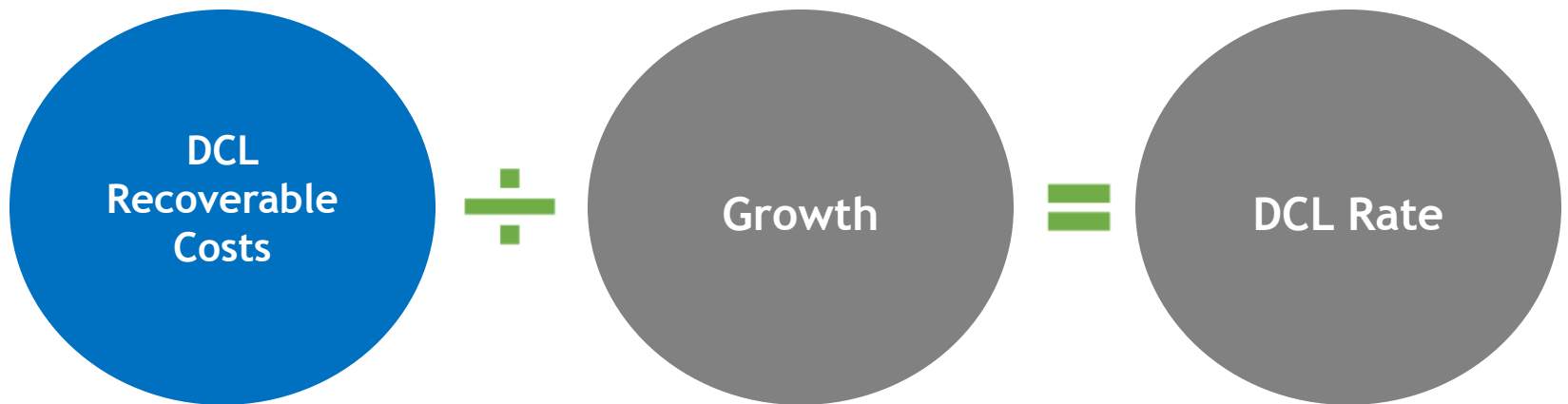
+42,000 apartments
+4,000 laneway
+1,000 townhouse



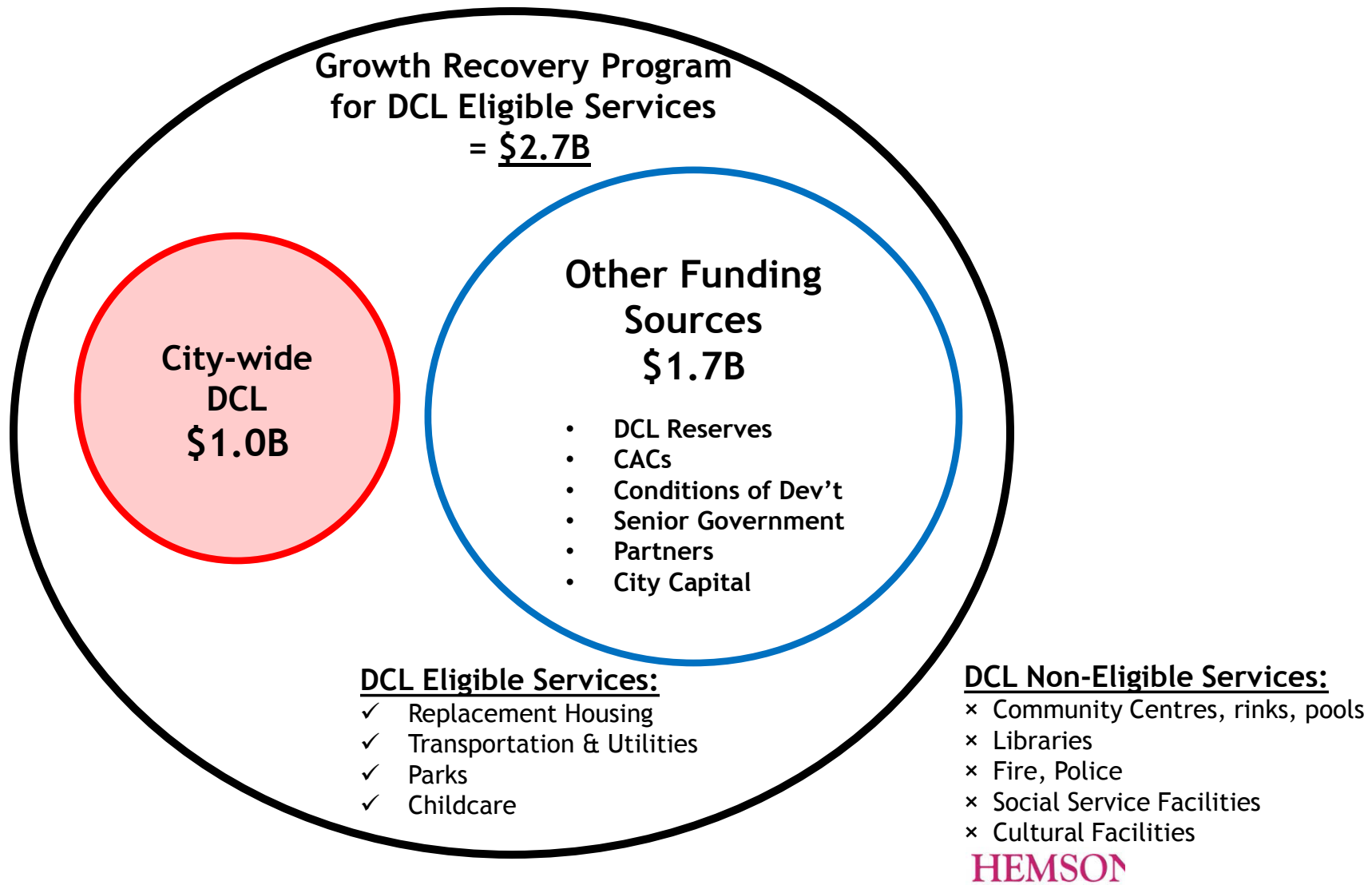
Employment Growth Forecast (2017-2026)



Basic DCL Calculation



Growth Recovery Program & Funding Tools for DCL Eligible Services (2017-2026)



Overall Cost of Growth Program & DCL Recoverable Costs (2017-2026)

Service Category	Total Growth Cost (\$Millions)	DCL Recoverable Share (\$Millions)
Replacement Housing	\$1,000	\$357
Transportation	\$620	\$251
Park Acquisition & Development	\$550	\$184
Childcare	\$295	\$126
Utilities (Sewers, Waterworks, Drainage)	\$210	\$85
Total	\$2.7B	\$1B

Replacement Housing Program

Need:

- Increase the supply of affordable housing & replace rental units & affordability lost through redevelopment



“Replacement Housing” & DCLs:

- Vancouver Charter allows for DCLs to be used towards “replacement housing” for people displaced from growth and unable to afford comparable housing in that area
- Estimate of rental units lost to redevelopment:
 - 2,000 units (community plan areas)
 - +1,000 units rest of city
 - =3,000 replacement housing units

Replacement Housing Program (con't)

METHOD OF DELIVERY	# OF UNITS	Overall Growth Cost (\$M)	DCL Recoverable Share (\$M)
Contribution towards City-led projects & partnerships (land and construction)	2,000	\$875	\$322
Contributions towards Developer built projects (inclusionary policies & in-kind delivery)	200	\$50	\$15
Contributions towards non-profit partner projects	800	\$75	\$20
Total	3,000	\$1,000	\$357

Childcare Program

Need:

- Create 3,000 new childcare spaces

Program Details:

- Childcare for 0-4 yrs old: 1,500 spaces
 - Achieved in residential/commercial projects: 750 spaces
 - Achieved at schools: 350 spaces
 - Achieved in civic facilities: 400 spaces
- Childcare for 5-12 yrs old: 1,500 spaces
 - Achieved in retrofits of school multipurpose rooms: 1,150 spaces
 - Achieved in new purpose-built rooms on school sites: 350 spaces



Childcare Program (con't)

Program	# spaces	Overall Growth Cost (\$M)	DCL Recoverable Share (\$M)
Spaces for Ages 0-4			
Civic Buildings (e.g. Community Centres)	400	\$270	\$117
Schools	350		
Integrated into private developments	750		
SUBTOTAL 0-4 spaces	1,500		
Spaces for Ages 5-12			
Renovations of multi-purpose space	1,150	\$20	\$9
Newly built space	350		
SUBTOTAL 5-12 spaces	1,500		
TOTAL	3,000	\$290	\$126

Parks Program

Need:

- Aim to serve all new residents within a 5-minute walk to a park
- Aim to serve new residents at a rate of 1.1 hectares (2.75 acres) of neighbourhood parkland for every 1,000 residents.



Priorities:

- Add/secure waterfront parks & add/expand parks in neighbourhoods experiencing growth.
- Build out parks on both newly acquired lands, existing lands, and on major project sites.

Parks Program (con't)

Item	Overall Growth Cost (\$M)	DCL Recoverable Share (\$M)
Parkland Acquisition	\$330	\$110
New parks in neighborhoods e.g. Fairview, Mount Pleasant, Gr. Woodland		
Secure waterfront access		
Park Consolidation and Expansion		
Park Networking		
Park Development	\$220	\$74
New Park Construction e.g. Nicola and Alberni, Smithe/Richards, Burrard Slopes		
Major Projects Park Construction e.g. Pearson Dogwood, Langara Gardens)		
Park Upgrades (e.g. John Hendry Park, English Bay, Morton Park)		
Outdoor Recreation Assets (e.g. Playgrounds, sports fields, including synthetic turf fields)		
Street trees & Biodiversity Assets		
Seawall and Recreational Pathways		
TOTAL	\$550	\$184

Transportation Program

Need:

- Expand/upgrade infrastructure to enable new trips to be accommodated primarily by walking, cycling and transit

Programs:

- **Active Transportation Corridors**
 - Prioritized walking and cycling corridors in Metro Core
 - Delivering select planned cycling facilities
 - Strategically addressing gaps and priority opportunities with development
 - Upgrades to address pedestrian and bicycle safety
- Adding/upgrading active transportation links across **False Creek bridges**
- **Arbutus Greenway**
- Sidewalks and pedestrian curb ramps in commercial areas, transit routes
- New E/W arterial street through the False Creek Flats



Transportation Program (con't)

Project	Overall Growth Cost (\$M)	DCL Recoverable Share (\$M)
Active Transportation Improvements	\$191	\$109
False Creek Bridge Upgrades	\$73	\$62
Arbutus Greenway	\$52	\$52
Sidewalk and Curb Ramp	\$18	\$18
False Creek Flats EW Arterial	\$130	\$10
Local Roads	\$34	\$0
Street Lighting	\$29	\$0
Traffic Signal	\$28	\$0
Safety Improvements	\$20	\$0
Other programs	\$50	\$0
TOTAL	\$620	\$251

Sewers & Drainage Program

Need:

- Upgrade combined and sanitary sewer infrastructure that needs upgraded replacement due to projected growth
- Expand stormwater drainage facilities to accommodate increased growth and offset demand on sewer infrastructure



Program Details:

- Sanitary Sewer upgrades
- Combined Sewers upgrades
- Pump Station upgrades
- Development of hydraulic model and a Master Sewerage Plan
- Stormwater drainage facilities, Rain infiltration measures

Sewers & Drainage Program (con't)

Project Description	Upgrade Length (km)	Overall Growth Cost (\$M)	DCL Recoverable Share (\$M)
Sanitary Sewers Upgrades - by Quadrant of City			
Northeast	16.6	\$47	\$19
Northwest	5.6		
Southeast	12.6		
Southwest	3.5		
Downtown	20.1	\$39	\$0
Policy Plan Areas outside of Downtown	10.6		
Combined Sewers (10 Yr Separation Program)	193	\$82	\$34
Pump Stations		\$10	\$10
Engineering Growth Studies		\$2	\$2
Sewers Total		\$181	\$65
Stormwater Drainage			
Infiltration bulges in community plan areas		\$17	\$9
Rainwater management features			
Grand Total: Sewers & Drainage		\$198	\$74

Waterworks Program

Need:

- Water distribution system requires upgrades in order to maintain adequate pressure in the City water system under increased domestic and fire flow demands due to growth



Program Details:

- Water main upgrades required for fire flow demands
- Alterations to pressure zone configuration to address growth demands
- Hydraulic model and analysis

Waterworks Program (con't)

Project Description	Upgrade Length (km)	Overall Growth Cost (\$M)	DCL Recoverable Share (\$M)
Water Main Upgrades required for Fire Flow Demands	5.4	\$10.2	\$10.2
Alterations to Zone Boundaries to Address Growth Demands		\$0.1	\$0.1
Hydraulic Model and Analysis		\$0.2	\$0.2
Grand Total: Waterworks		\$10.5	\$10.5

Development and Infrastructure Funding Guidelines

An initial, high level document that will help inform how development-triggered infrastructure upgrades are funded.

- **General Framework:** Guidelines will provide overall intention, case-specific decisions will still be made;
- **Clarity:** The Guidelines will provide additional clarity in terms of what works are DCL eligible, and which projects will be subject to rezoning conditions;
- **Iterative:** Guidelines will be updated to reflect program evolution & implementation;
- **Interim:** long-term intention is to replace Guidelines with Development Standards Bylaw.

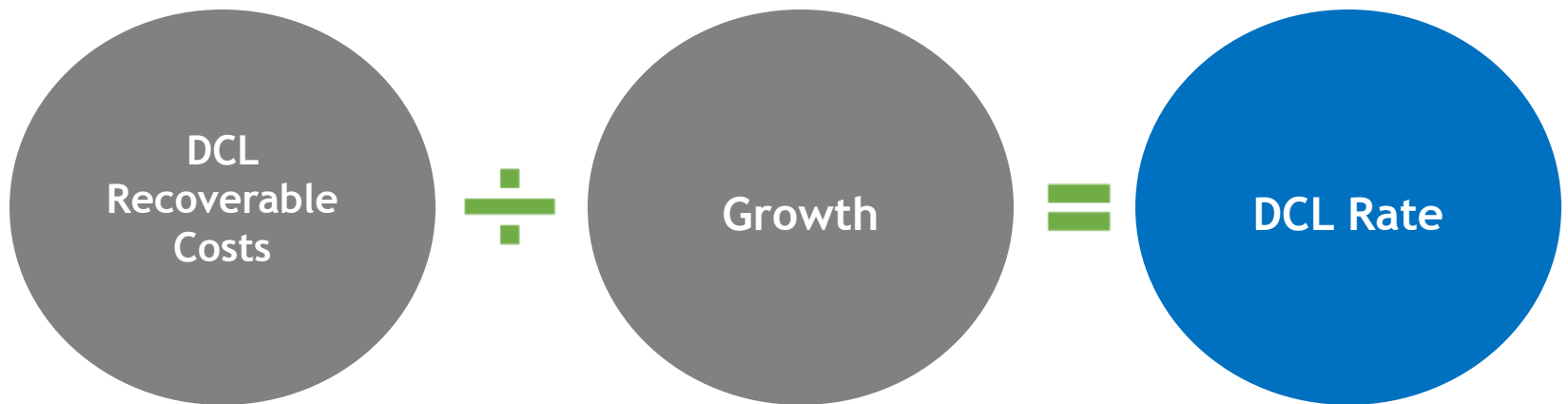
Development and Infrastructure Funding Guidelines

Guidelines will include the following:

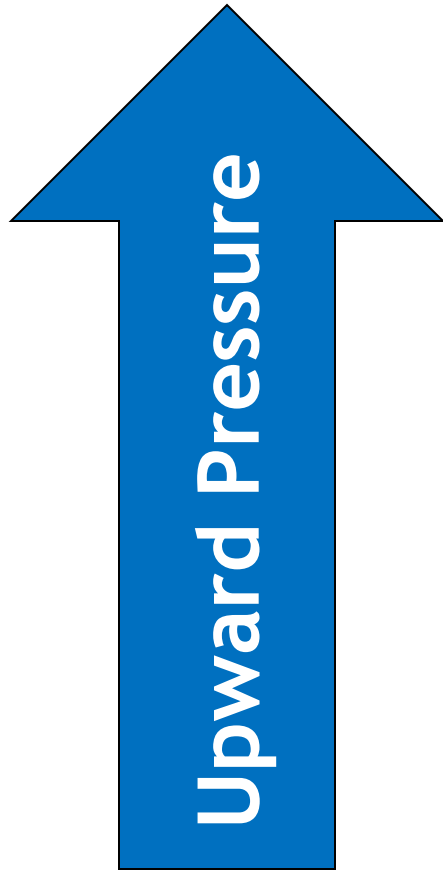
1. General Provisions & Definitions
2. Major Developments
3. Water Infrastructure
4. Sewer & Drainage Infrastructure
5. Transportation Infrastructure
6. DCL Front Ender Agreements

City will be developing guidelines over the summer & will implement framework ASAP

Basic DCL Calculation



Key Drivers on DCL Rates



- Increasing growth
- Increasing land and construction costs (inflationary pressures)
- Adding DCL eligible uses (Sewer, Water & Drainage)
- Realistic assumptions about senior government funding compared with last review

Changes to DCL Rate Categories

- New “medium” density residential category (1.2 to 1.5 FSR) that provides a better gradient between lower density and higher density residential
- New “Mixed Employment” rate category which captures new allowances for office in industrial zoning districts (e.g. I-1, I-4 zoning)
- DCL relief consideration for non-profits and civic facilities

Preliminary City-wide DCL Rates

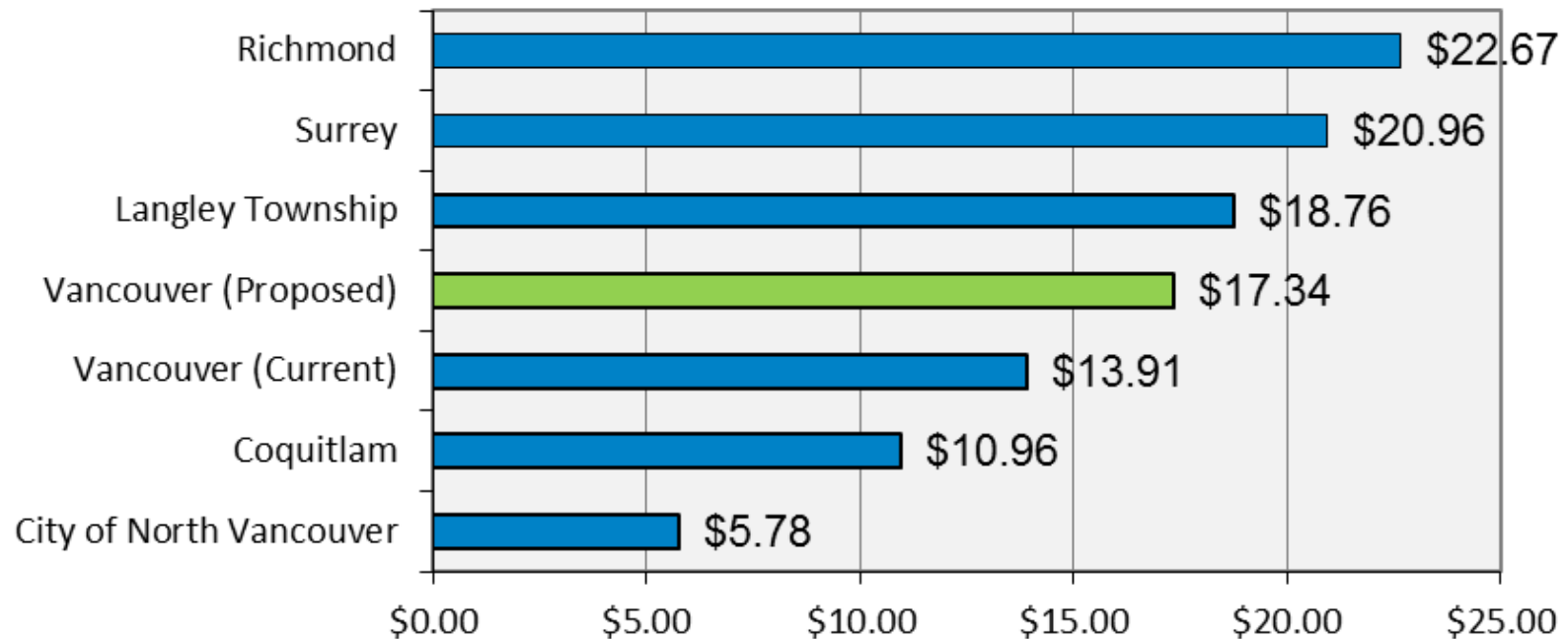
Development Type	Current DCL Rates Charge / sq.ft.	Preliminary DCL Rates Charge / sq.ft.	Difference in Charge
Residential Development			
Low Density Residential <i>At or Below 1.2 FSR & Laneway Houses</i>	\$3.23	\$4.02	\$0.79
Medium Density Residential <i>Between 1.2 FSR and 1.5 FSR</i>	\$13.91	\$8.69	-\$5.22
Higher Density Residential <i>Above 1.5 FSR</i>	\$13.91	\$17.34	\$3.43
Non-Residential Development			
Industrial*	\$5.55	\$6.92	\$1.37
Mixed Employment (Light Industrial)**	\$5.55	\$13.01	\$7.46
Commercial & Other	\$13.91	\$17.34	\$3.43

Notes:

- *Industrial applies to I-2, M-1, M-1A, M-1B, M-2, MC-1, MC-2 zoning districts
- **Mixed Employment (Light Industrial) applies to IC-1, IC-2, IC-3, I-1, I-3 and I-4 zoning districts
- DCLs are levied on a per sq.ft. of gross floor area
- Temporary Buildings & Specific Uses: No rate changes for temporary buildings and specific uses including childcare, school, community energy centre, and parking garage.

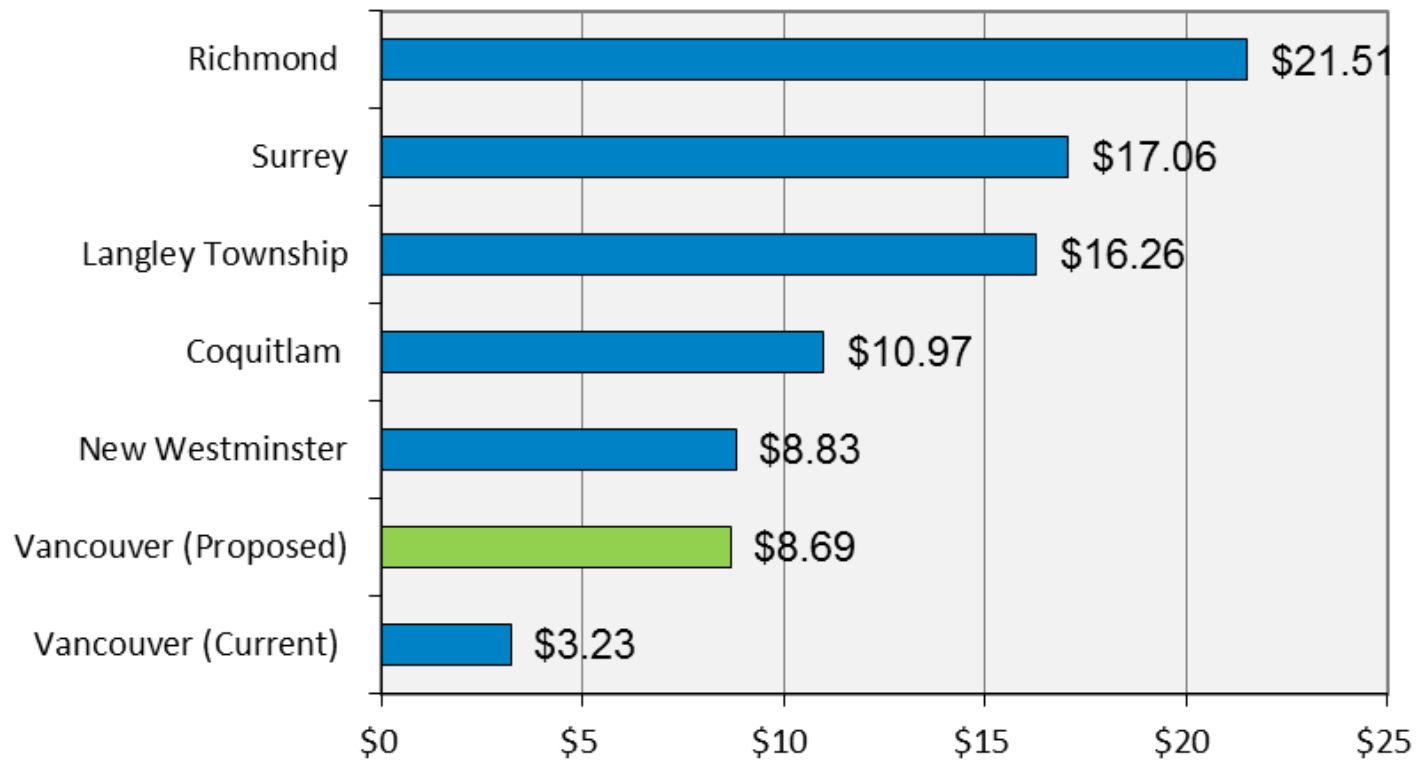
Apartment DCC/DCL Comparison (\$/sq.ft.)

Updated: March 2017



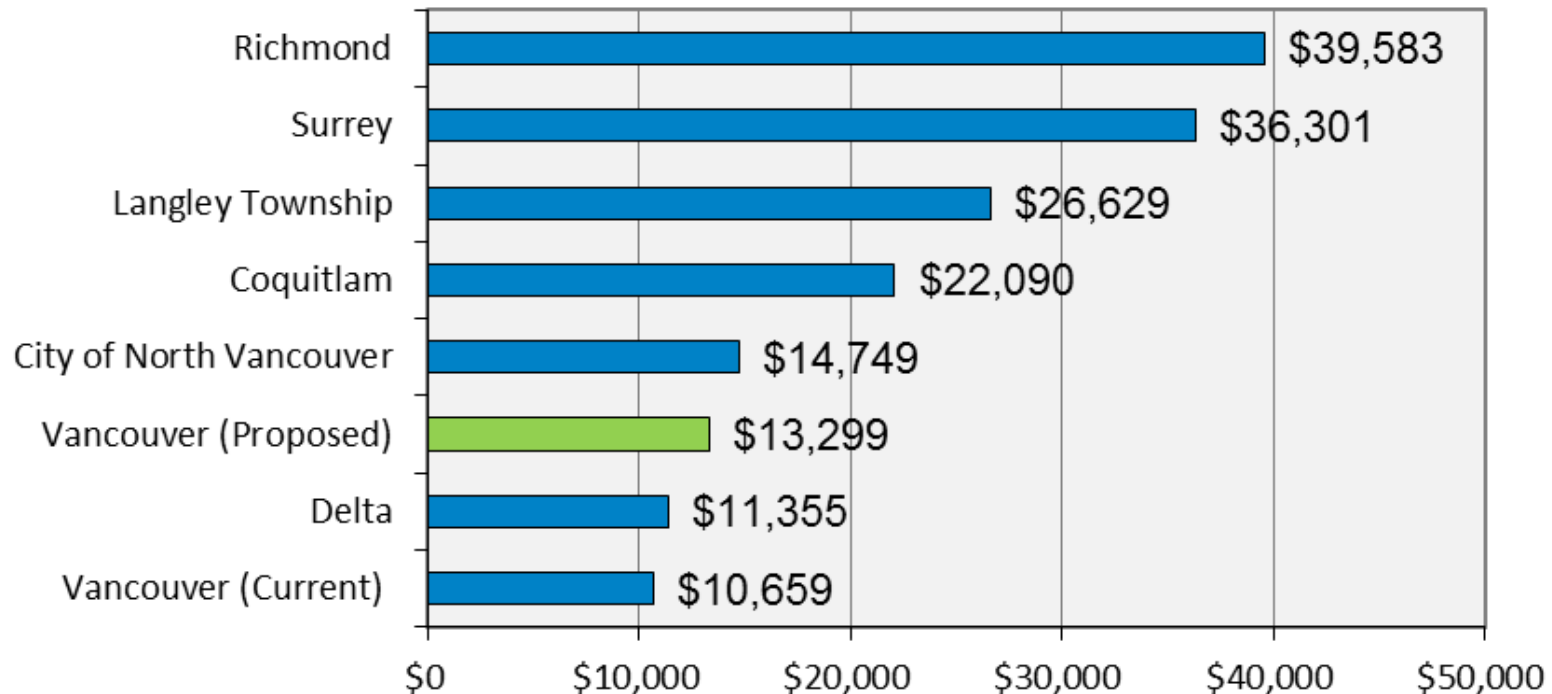
Townhouse DCC/DCL Comparison (\$/sq.ft.)

Updated: March 2017



Single Family DCC/DCL Comparison (\$/lot)

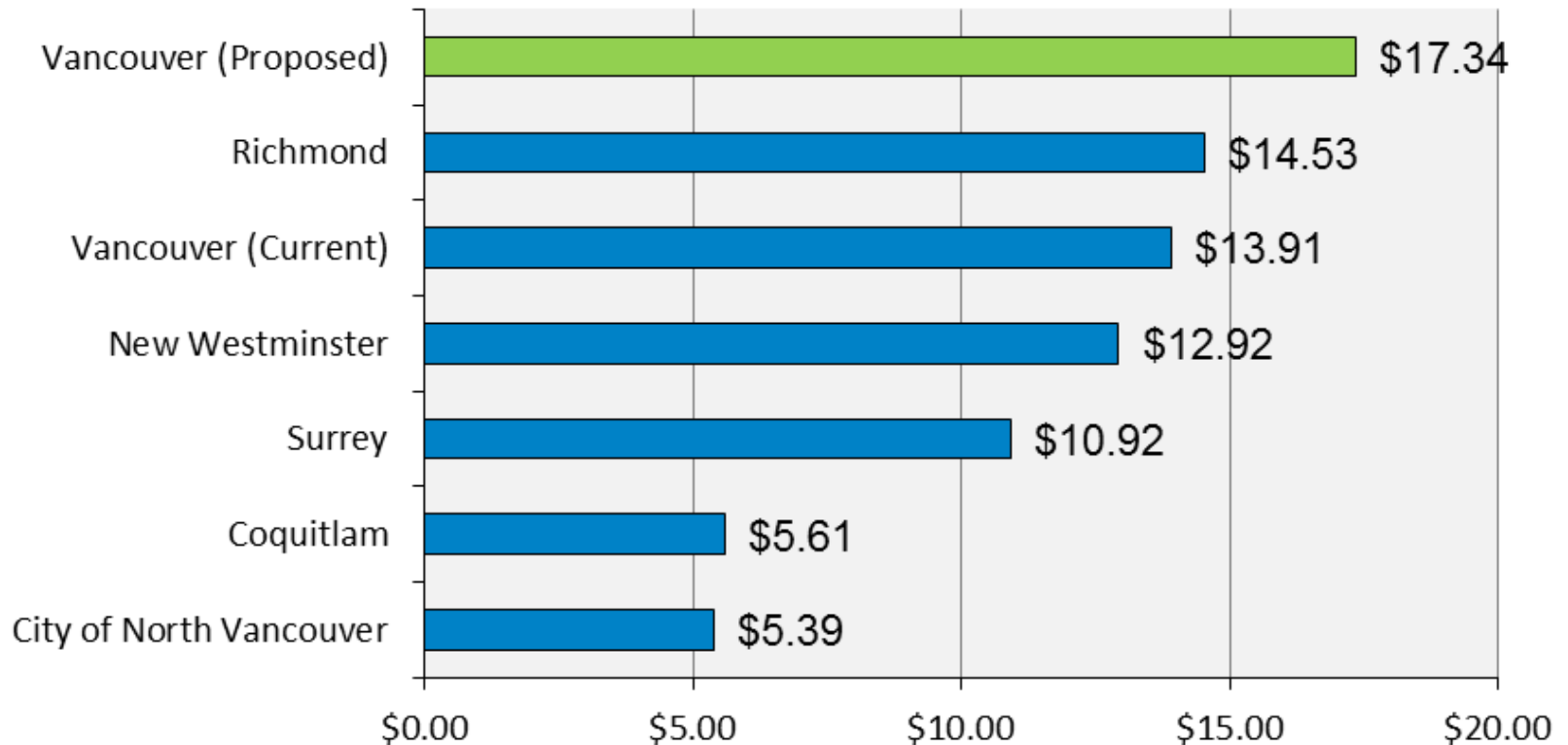
Updated: March 2017



Note: Vancouver levies DCLs on a floor area basis. For comparative purposes only, Vancouver's DCL levy was converted to a per lot charge.

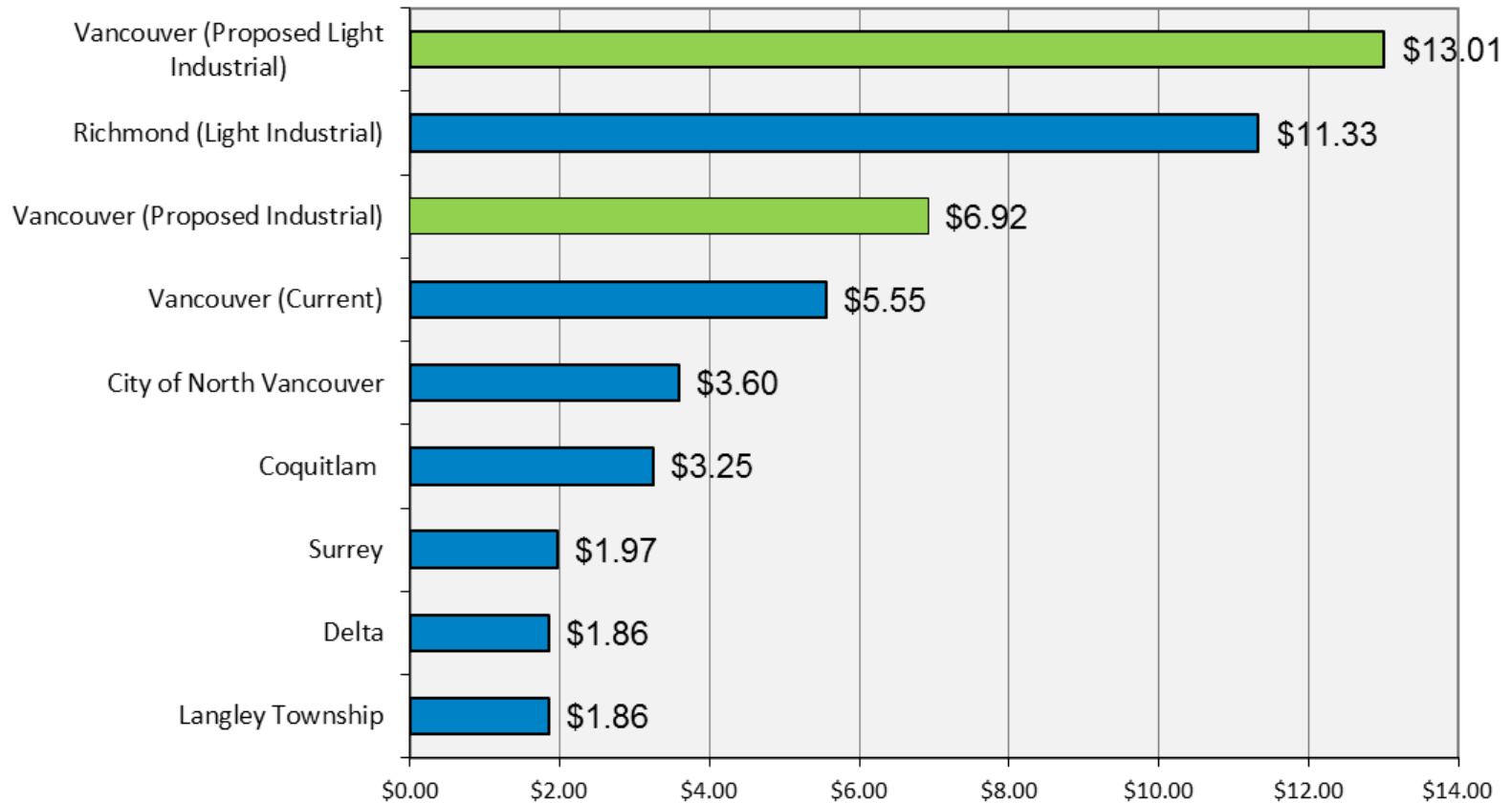
Commercial DCC/DCL Comparison (\$/sq.ft.)

Updated: March 2017



Industrial DCC/DCL Comparison (\$/sq.ft.)

Updated: March 2017



DCL In-Stream Rate Protection

- New DCL rates will be effective at bylaw adoption
- However, legislation provides one year of rate protection to in-stream:
 - Building permit applications**
 - Precursor applications** (rezoning & development permit)
- Rezoning and DP applications must result in building permit issuance within one year of bylaw adoption

**Applications must be complete and received prior to adoption of the new bylaw

Recommended Change

Downtown South DCL District

- Downtown South Area Specific DCL District established in 1992
- Public benefits in area plan are now realized
- Recommendation is to retire the Area DCL & fold it into the City-wide DCL District
- DCL costs will decrease for new development

DCL District	DCL Rate (\$/sf) (High Density Residential)
Downtown South	\$19.09 (current)
City-wide DCL	\$17.36 (proposed)
Proposed Change	-\$1.73

Downtown South



Timeline/Next Steps

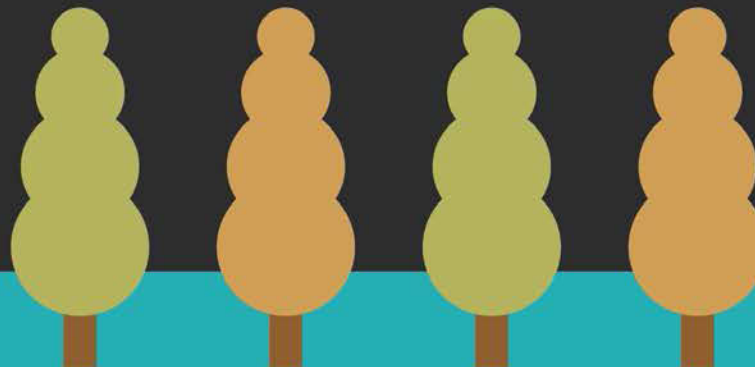
Event	Date
Stakeholder engagement	June 2017
Annual report on DCLs	June 13, 2017
Council Report on DCL update	July 26, 2017
Notification of new DCL rates	August 2017
DCL Bylaw Enactment (new rates take effect)	September 2017
Updated DCL Rate Bulletin	September 2017
DCL in-stream rate protection	Extends to September 2018

Thank You

Questions?

Chris Clibbon, Planner
City of Vancouver
604-873-7237

chris.clibbon@vancouver.ca



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