CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date:	July 11, 2016
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Meeting Date:	July 26, 2016

TO: Vancouver City Council

FROM: Acting General Manager of Planning and Development Services

SUBJECT: 2016 Inflationary Rate Adjustments to Development Cost Levies (DCLs), Density Bonus Contributions and Community Amenity Contribution (CAC) Targets

RECOMMENDATION

A. THAT Council approve the 2016 inflationary rate adjustments for the Vancouver (City-wide) Development Cost Levy (DCL) and Area Specific DCL By-law Districts, with new rates for residential, commercial, and industrial uses to be effective September 30, 2016, as shown in Appendix A.

FURTHER THAT Council maintain the existing Vancouver (City-wide) DCL By-law rates and Area Specific DCL By-law rates for school, parking garage, childcare, temporary building, works yard and community energy centre uses.

AND FURTHER THAT the Director of Legal Services be instructed to bring forward amendments to the Vancouver DCL By-law No. 9755 and the Area Specific DCL By-law No. 9418 to implement the 2016 inflationary rate adjustments.

B. THAT, to implement inflationary adjustments to the Density Bonus Contributions available in certain zoning districts, the Acting General Manager of Planning and Development Services be instructed to make application to amend the Zoning and Development By-law to increase the values of the affordable housing shares and the amenity shares in the RM-8 and RM-8N Districts Schedule and in the RM-9, RM-9A, RM-9N and RM-9AN Districts Schedule, generally in accordance with Appendix B, and that the application be referred to a public hearing.

FURTHER THAT the Director of Legal Services be instructed to prepare the amending by-law, generally in accordance with Appendix B, for consideration at the public hearing.

C. THAT Council approve the 2016 inflationary rate adjustments for Community Amenity Contribution (CAC) Targets, including a one-time catch-up for past inflation, with new target rates to be effective September 30, 2016, as shown in Appendix C.

REPORT SUMMARY

This report seeks Council approval to adopt the annual inflationary adjustments to the Vancouver (City-wide) Development Cost Levy by-law rates, Density Bonus Contributions and CAC Targets with these new rates becoming effective September 30, 2016.

In 2009, Council adopted an annual inflationary DCL rate adjustment system to ensure DCL rates kept pace with property and construction inflation and to maintain the City's ability to provide necessary growth-related amenities. In May 2016, Council adopted the same annual inflationary rate adjustment system for Density Bonus Contributions and CAC Targets. With the expansion of the inflationary system, rate adjustments for all development contributions are now synchronized and reported together annually. The proposed rate adjustment for Density Bonus Contributions and CAC Targets includes a one-time catch-up for past inflation not captured since these area rates were first established. The annual rate adjustments recommended in this report represent an increase of 4.6%.

The report recommendations have been shared with development industry stakeholders (Urban Development Institute, National Association of Industrial and Office Properties, Greater Vancouver Homebuilders Association) and at the time of finalizing this report no comments or concerns were received.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In June 2003, Council adopted the Financing Growth Policy that sets the framework for the collection and allocation of DCLs to help pay for eligible capital facilities needed for growth: parks, housing, childcare, and engineering infrastructure. The Policy set the framework for City-wide Development Cost Levy (DCLs) rates and how DCL revenue is allocated.

In 2007, Council approved its first CAC Target area in Southeast False Creek.

In July 2008, Council approved an adjustment to City-wide DCL rates to reflect construction cost and property inflation with the implementation of these new rates to be effective in January 2010.

In October 2009, Council adopted the annual inflationary DCL rate adjustment system for all future rate adjustments to the City-wide DCL and Area Specific DCLs, with the new rates effective on September 30 of each year.

From 2010 to 2015, Council approved annual inflationary DCL rate adjustments.

In February 2013, Council approved the replacement of the Oakridge-Langara DCL rates with City-Wide DCL rates effective March 12, 2014, reducing the number of DCL Districts from 11 to 10.

In 2013, Council approved CAC Targets in Cambie Corridor, Little Mountain Adjacent Area and Norquay Village.

In 2014, Council approved a CAC Target in Marpole.

In 2014, Council approved Density Bonusing Contributions in Marpole.

In July 2015, Council approved the replacement of five Area-Specific DCL rates with City-Wide DCL rates (Arbutus, Burrard Slopes, Cedar Cottage/Welwyn, Dundas/Wall and Triangle West), effective July 21, 2016, which will reduce the number of DCL Districts from 10 to 5.

In July 2015, Council approved a review of the City-Wide DCL, including a review of growth costs, rates and allocations. This work is underway and will conclude with a report to Council in early 2017.

In May 2016, Council adopted the DCL annual inflationary rate adjustments system for Density Bonus Contributions and CAC Targets and directed staff to report back on a one-time catch-up for past inflation and the proposed new annual inflationary rates.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager and the Acting General Manager of Planning and Development Services RECOMMEND approval of the foregoing.

REPORT

Background/Context

This report proposes this year's annual inflationary rate adjustment to DCLs, Density Bonus Contributions and CAC Targets.

Vancouver's development contribution approach has evolved over time to respond to changing market conditions, regulatory environments and community needs. In recent years, the City has implemented a number of new Density Bonus Contributions and CAC targets which provide more certainty for new development and aligns with new provincial CAC guidelines introduced in 2014. As the use of these approaches has increased, there has been a decrease in the number of negotiated CACs.

In October 2009, Council adopted the annual inflationary DCL rate adjustment system for all DCL districts in the city. The system uses an annual inflation index based on property value and construction cost inflation to establish the rate. Linking DCL rates to an annual inflationary index means that when annual inflation is positive DCL rates will increase, and when inflation is negative DCL rates will decrease.

The annual rate adjustment is initiated with a report to Council in either June or July proposing new DCL rates adjusted for inflation. If approved, these new rates come into effect annually on September 30th. The annual system is based on local and national best practices; uses publicly accessible, third party data; and, provides transparent and accessible calculations. It also considers changing market conditions through a review of local economic indicators so that DCL rates do not get ahead of inflationary trends.
The DCL rate adjustment system commenced for all DCL Districts in 2010 and annual DCL adjustments have been adopted by Council every year since. Since 2010, the average rate adjustment has been approximately 4% (see Table 1). The system provides more predictability to both the development industry and the City, and has been broadly supported by industry stakeholders.

In May 2016, Council approved the adoption of the DCL rate adjustment system to Density Bonus Contributions and CAC Targets. In response to the development industry and to provide greater certainty, the City has expanded the use of Density Bonus Contributions and CAC targets in planned areas such as: Cambie Corridor; Little Mountain Adjacent Area; Norquay Village; and certain districts in Marpole. As Density Bonus Contributions and CAC targets have not been adjusted for inflation since they were established, Council also directed staff to report back on a one-time catch-up for past inflation as part of the proposed new rate adjustment. A delay in adjusting the rates erodes the purchasing power and limits the City's ability to deliver much needed amenities to accommodate growth. The inflationary rate adjustment system helps to maintain the purchasing power of Density Bonus Contributions and CAC targets for city spending on civic facilities. In 2009, a similar one-time rate catch-up for DCLs was approved by Council when the inflationary adjustment system was first adopted.

Annual inflationary rate adjustments help keep development contributions aligned with current construction/property value inflation. Periodically, a more significant recalibration of these contributions (i.e., CAC Targets and Density Bonus Contributions) will be required as public benefit strategies and the capital planning program are updated. Typically, this type of update would also include a review of any potential impacts on development viability.

For more information on the Council approved annual inflationary rate adjustment system, see http://vancouver.ca/home-property-development/annual-inflation-index.aspx.

Recommended inflationary adjustments are presented in Appendix A, B, and C. Descriptions of DCLs, Density Bonusing and CACs are presented in Appendix D.

Strategic Analysis

The recommendations in this report will bring all DCL rates, Density Bonus Contributions and CAC Targets in line with the most recent property and construction cost inflation. By ensuring that rates and revenues keep pace with property and construction costs, purchasing power is maintained and the City retains its ability to provide necessary growth-related amenities. DCL rates were last adjusted under the annual inflationary DCL rate adjustment system on September 30, 2015. Density Bonus Contributions and CAC Targets are to be adjusted for inflation for the first time in 2016, this adjustment includes a one-time catch-up for past inflation each of the areas. A delay in adjusting the rates erodes the purchasing power and limits the City's ability to deliver much needed amenities to accommodate growth.

Vancouver's inflationary index blends third-party, property inflation (BC Assessment property roll[1]) and construction cost inflation (Statistics Canada Non-Residential Construction Price Index for Vancouver[2]) based on city costs for purchasing land and building civic facilities identified in the 2015-2018 Capital Plan. The 2016 index experienced a 16.5% increase in local assessed property values and a 0.6% increase in local non-residential construction costs. The overall 4.6% inflationary rate adjustment is a result of this blended calculation.

Table #1 shows annual inflationary rate adjustments from 2008 to 2016. Overall inflation was negative in 2009/2010 reflecting the global and local economic slowdown during this period. In 2011 and 2012 inflation rebounded reflecting increased property values and construction costs. In 2013 and 2014, inflation was more modest reflecting a slower but steady rate of economic growth. In 2015 and 2016, local construction activity has been brisk which has resulted in higher property and construction cost indicators (see page 7 for details on economic indicators). Linking DCL rates to an annual inflationary index means that when annual inflation is positive DCL rates will increase, and when inflation is negative DCL rates will decrease.

Table #1 also shows the two main data sources used to calculate the index, those are property values (BC assessment net property values for the City of Vancouver) and construction costs (Statistics Canada non-residential construction price index for Vancouver annually). The inflationary index blends the two sources of inflationary data using the ratio of property acquisition and non-residential construction costs set out in the City's Capital Plan. Updated rates are established from this system.

Table 1: Annual inflationary rate adjustments

Annual Rate Adjustment		***Data used to calculate index*** *(for information only)*	
Year	**Annual inflationary rate adjustments**	*Local Property Value Inflation*	*Local Construction Cost Inflation*
2008	12.6%	*13.9%*	*10.0%*
2009	-3.6%	*-0.7%*	*-9.1%*
2010	-1.4%	*1.5%*	*-6.8%*
2011	8.8%	*11.4%*	*3.9%*
2012	10.3%	*13.7%*	*4.2%*
2013	1.4%	*1.3%*	*1.3%*
2014	1.6%	*0.8%*	*3.0%*
2015	3.4%	*8.6%*	*1.7%*
2016	**4.6%**	*16.5%*	*0.6%*

Note: Vancouver's DCL rates have used this index to adjust rates since 2010. CAC Targets and Density Bonus Contributions will be adjusted for the first time in 2016.

For more information on the annual inflation index: http://vancouver.ca/home-property-development/annual-inflation-index.aspx

[1] BC Assessment Property Roll for the City of Vancouver, 2016
[2] Statistics Canada Non-Residential Construction Price Index for Vancouver, 2016

Proposed DCL Rate Adjustments (2016)

The City currently has 5 DCL Districts: a City-wide DCL District (which accounts for the majority of land area and development in the City); one Area Specific DCL District; and, three Layered DCL Districts. The proposed 4.6% annual inflationary rate adjustment will be applied to each DCL District.

For the City-wide DCL, the rate adjustment would result in the following rate changes:

- $0.60 per sq.ft. increase for higher density residential (>1.2 FSR) and commercial developments;
- $0.20 per sq.ft. increase for industrial development; and,
- $0.14 per sq.ft. increase for lower density residential (≤1.2 FSR) development.

See Appendix A for a complete list of DCL rate adjustments by District
See Appendix D for a more detailed description of Vancouver’s DCL system.

One-time Inflationary Rate Catch-Up for Density Bonus Contributions and Target CACs

Density Bonus Contributions and CAC Targets have not been adjusted for inflation since they were established. In Southeast False Creek, CAC Targets have remained unadjusted since 2007 while all other areas have remained unadjusted since 2013/2014. The purchasing power for Density Bonus Contributions and CAC Targets is eroded if rates are not adjusted to account for inflation. This can result in project delays due to reduced funding availability or increased reliance on tax supported funding when providing growth-related civic facilities. To ensure that purchasing power is restored and contributions and targets reflect current (2016) market conditions a one-time inflationary rate catch-up across each of the areas, is recommended. In 2009, a similar one-time rate catch-up for DCLs was approved by Council when the inflationary adjustment system was first adopted.

Table 2 and 3 show the current Density Bonus Contributions and CAC Targets as well as the proposed one-time inflationary catch-up to 2016. Given length of time without an adjustment, the rate catch-up results in a slightly larger one-time inflationary increase compared with typical annual rate adjustments.

Proposed Density Bonus Contribution Adjustment (2016)

For Density Bonus Contributions, the proposed inflationary increase includes a one-time catch-up for inflation not captured since rates were first established (see Table 2). In the case of Norquay, the adjustment extends back to 2013 while in Marpole the adjustment extends back to 2014. The magnitude of the rate increase which includes the one-time rate catch-up is 8% in Marpole and 11% in Norquay (the Norquay increase is higher because the rate catch-up period is longer).

Table 2: Inflation Adjusted Density Bonus Contribution Rates
($/sq.ft. on net additional density)

Density Bonus Area	Year Established	Current Density Bonus Rate	One-Time Inflationary Catch-up (to 2016)	Recommended 2016 Density Bonus Rate
Marpole (0.75 FSR to 1.2 FSR)	2014	$10.00	+$0.81	**$10.81**
Marpole (over 1.2 FSR to 2.0 FSR)	2014	$55.00	+$4.48	**$59.48**
Norquay (4-Storey Apartment Zone)	2013	$15.00	+$1.65	**$16.62**

Implementation of inflation adjusted density bonus contributions requires amending the RM-8/RM-8N and RM-9/RM-9A/RM-9N/RM-9AN zoning districts which would be subject to a public hearing. The outcome of the public hearing (which would take place before rate implementation on September 30th) would establish whether inflation adjusted density bonus rates are approved.

Proposed CAC Target Adjustment (2016)

For CAC Targets, the proposed inflationary increase includes a one-time catch-up for inflation not captured since target rates were first established (see Table 3). In the case of Southeast False Creek, the adjustment extends back to 2007 while in Little Mountain Adjacent, Norquay and Cambie the adjustment extends back to 2013, and in Marpole the adjustment dates back to 2014. The magnitude of the rate increase which includes the one-time rate catch-up ranges from 8% in Marpole, 11% in Cambie Corrior, Norquay and Little Mountain Adjacent, and 25% in Southeast False Creek (as previously noted, the % increase is much higher in areas where the catch-up period is longer).

Table 3: Inflation Adjusted CAC Targets
($/sq.ft. on net additional density)

CAC Target	Year Established	Current CAC Target	One-Time Inflationary Catch-up (to 2016)	Recommended 2016 CAC Target
Marpole	2014	$55.00	+$4.48	**$59.48**
Cambie Corridor	2013	$55.00	+$5.94	**$60.94**
Norquay (Kingsway C-2)	2013	$10.00	+$1.08	**$11.08**
Little Mountain Adjacent	2013	$23.00	+$2.48	**$25.48**
Southeast False Creek	2007	$11.50	+$2.82	**$14.32**

Economic Indicators & Development Viability

As part of the annual inflationary adjustment process, current economic indicators are reviewed to verify that the proposed rate adjustments are in line with current local market trends and forecasts. Current trends and forecasts indicate the following:

- The Conference Board of Canada[3] is forecasting 3.2% and 3.3% growth in Vancouver CMA's Real Gross Domestic Product (GDP) for 2016 and 2017 respectively. GDP growth in Vancouver is currently leading the country (amongst Canada's 13 largest cities) and is at its highest level since 2005.
- According to the Vancouver Economic Commission, Vancouver has the fastest growing economy in Canada and is expected to remain so for the next 5 years. Vancouver CMA created more than 94,000 jobs this year which is more than any other Canadian city.
- According to City of Vancouver data, the value of year-to-date building permits issued (as of April 2016) is at a record high level and exceeds last year's value by 3%[4];
- Year-to-date housing starts in the City (as of April 2016) are at record levels with year-to-date starts more than double that of last year (total of semi-detached, townhouse and apartment units)[5]; and,
- The City has increased capacity for redevelopment through new community plans, new district schedules and rezonings.

These indicators suggest that the recommended inflation adjusted DCL rates for Vancouver are in-step with the overall direction of the economy and the real estate development industry.

Coriolis Consulting was retained by the City to provide an independent professional opinion on the recommended inflationary rates (including the one-time catch-up) shown in Table 2 and 3. Coriolis concluded that new development in all areas could withstand the catch-up with minimal impact on development viability and no direct impact on housing affordability.

The City-wide and Area Specific DCL By-laws include nominal DCL rates for uses such as childcare, elementary schools and secondary schools. Consistent with Council practice, Recommendation A in this report, proposes that the rates for these uses not be adjusted for inflation.

In-Stream Rate Protection

For DCLs, the Vancouver Charter provides 12 months of protection against DCL inflationary rate increases for building permit or other associated applications currently in progress. To ensure fairness to applications that have been submitted prior to the adoption of new DCL By-

[3] Conference Board of Canada, Metropolitan Outlook 1, Spring 2016.

[4] City of Vancouver, Statement of Building Permits Issued, April 2016
http://vancouver.ca/files/cov/April-statement-building-permits-Statistics-2016.pdf

[5] CMHC, Housing Starts, May 2016
https://www.cmhc-schl.gc.ca/odpub/esub/64175/64175_2016_M05.pdf?lang=en

law rates, applications in progress are exempt from DCL rate increases for a period of 12 months provided that the application has been submitted in a form satisfactory to the City.

For Density Bonus Contribution and Target CAC increases, the City provides in-stream rate protection for building permit applications that have been submitted prior to a rate change (provided that the application has been submitted in a form satisfactory to the City).

Implications/Related Issues/Risk

Financial

Rate adjustments for DCLs, Density Bonus Contributions and CAC Targets have financial implications for the City and the development industry.

Financial Implications for the City

Contributions from development are an important funding source for the City's growth-related amenities and capital priorities. These contributions offset the cost of growth and reduce the impact on property taxes and other City funding sources.

If Council approves the rate adjustments recommended in this report, and development activity remains steady, an additional $3.5 million in development contributions could be generated before the next annual inflationary rate adjustment (sum of DCLs, Density Bonusing Contributions and CAC Targets). This estimate includes development revenue related to the annual inflationary increase and the one-time inflationary increase). The proposed rate adjustments align rates with local construction and property inflation and prevent the need for using property taxes and other City revenues to fund the gap caused by inflation.

Financial Implications for Development

The City's Financing Growth policies are based upon the principle development contributions should not deter development or harm housing affordability. Independent review of the market impacts of development contributions found the primary impact of these in Vancouver is to put downward pressure on the value of properties for redevelopment. Affordability should not be negatively affected as long as rates are set so they do not interfere with an adequate continuing supply of development sites. Given current and recent development activity levels there is little evidence that this supply has been or will be affected by the proposed rates.

The proposed rate adjustments presented in this report represent an average 4.6% rate increase. The magnitude of the recommended rate adjustments are in line with current and forecast economic conditions and, these adjustments represent a relatively small percentage of overall development costs today.

Based on a review of comparable regional municipalities, Vancouver's proposed City-wide DCL rates continue to be in-line with development cost charges in the Metro Vancouver region. For example, if Vancouver's proposed City-wide DCL rate for higher density residential is approved, it would still be lower than the comparable category in

Richmond, Surrey and Langley City. Vancouver's commercial DCL rates are at the higher end of regional rates, Vancouver's industrial rate is substantially lower than the highest regional rate in Richmond, and Vancouver's low density residential rate (e.g. single family houses, townhouses) is set below several other municipalities in the region.

Communications Plan

Every year the following steps are taken to ensure broad notification of proposed rate changes:

- Web site posting of proposed rates on the City's Financing Growth web page;
- Notice of proposed changes in the City's DCL Information Bulletin (available online and at information kiosks in City Hall);
- Advertisements describing the proposed rate adjustments, together with details on how to provide feedback, were placed in the Vancouver Courier and Business in Vancouver newspapers;
- Verbal notification was given to inquirers and written notification was given to applicant's in-process;
- Staff notified local industry groups (Urban Development Institute, National Association of Industrial and Office Properties, Greater Vancouver Homebuilders Association) so that notice of this report could be communicated with their members; and,
- City Clerks notified a list of stakeholders who have expressed interest in Financing Growth matters informing them of this report and where they can review it online prior to the Council meeting.

At the time of finalizing this report, no responses from stakeholders were received.

CONCLUSION

This report seeks Council approval for an annual inflationary adjustment to all DCL rates, Density Bonus Contributions and CAC Targets with new rates to be effective September 30, 2016. This process, which has been ongoing since 2009, now synchronizes the inflationary rate adjustment of all development contributions and continues to align development contribution rates with local construction and property inflation. Annual rate adjustment maintains the purchasing power of growth-related development revenues so that needed civic facilities and infrastructure to serve new residents and workers can be provided.

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2016 Proposed Development Cost Levy (DCL) Rates
Effective September 30, 2016

		RESIDENTIAL OVER 1.2 FSR, COMMERCIAL, AND MOST OTHER USES		INDUSTRIAL		RESIDENTIAL AT OR BELOW 1.2 FSR; AND LANEWAY HOUSE	
	DCL Area	Current Rate	*Proposed Rate Effective Sept 30th*	Current Rate	*Proposed Rate Effective Sept 30th*	Current Rate	*Proposed Rate Effective Sept 30th*
City-wide	Vancouver (City-wide) DCL	*$143.27/m2 ($13.31/sf)*	*$149.73/m2 ($13.91/sf)*	*$57.16/m2 ($5.31/sf)*	*$59.74/m2 ($5.55/sf)*	*$33.26/m2 ($3.09/sf)*	*$34.77/m2 ($3.23/sf)*
Layered	False Creek Flats	*$60.62/m2 ($5.63/sf)*	*$63.39/m2 ($5.89/sf)*	*$60.62/m2 ($5.63/sf)*	*$63.39/m2 ($5.89/sf)*	*Not Applicable*	
	Grandview-Boundary	*$9.36/m2 ($0.87/sf)*	*$9.78/m2 ($0.91/sf)*	*$37.42/m2 ($3.48/sf)*	*$39.14/m2 ($3.64/sf)*		
	South East False Creek	*$197.19/m2 ($18.32/sf)*	*$206.21/m2 ($19.16/sf)*	*$29.92/m2 ($2.78/sf)*	*$31.29/m2 ($2.91/sf)*		
Area Specific	Downtown South	*$196.45/m2 ($18.25/sf)*	*$205.44/m2 ($19.09/sf)*	*No industrial capacity*	*No industrial capacity*		

Note: Effective July 21, 2016, Vancouver (City-wide) DCL rates took effect in five Area Specific DCL Districts (Burrard Slopes, Arbutus, Dundas/Wall, Cedar Cottage/Welwyn and Triangle West).City Council approved this DCL District change in July 2015 and allowed for a one-year grace period before the changes took effect.

2016 PROPOSED DENSITY BONUS CONTRIBUTION AMENDMENTS

Draft for Public Hearing

BY-LAW NO. _______

A By-Law to amend
Zoning and Development By-Law
Regarding Density Bonus Contributions

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. This By-law amends the indicated provisions of Zoning & Development By-law 3575.

2. In the RM-9, RM-9A, RM-9N and RM-9AN Districts Schedule, Council:

   (a) in sections 4.7.4 and 4.7.5, strikes out “$108” and substitutes “$116”;

   (b) in sections 4.7.4 and 4.7.5, strikes out “$592” and substitutes “$640”; and

   (c) in sections 4.7.8 and 4.7.9, strikes out “$162” and substitutes “$178.9”.

3. In sections 4.7.4 and 4.7.5 of the RM-8 and RM-8N Districts Schedule, Council strikes out “$108” and substitutes “$116”.

4. A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of the By-law.

5. This by-law takes effect on September 30, 2016.

ENACTED by Council this day of , 2016

Mayor

City Clerk

2016 Proposed CAC Targets
Effective September 30, 2016

CAC Target Area	**Current CAC Targets** ($/sq.ft., applied on net additional density)	**Proposed New CAC Targets (effective September 30, 2016)** ($/sq.ft., applied on net additional density)
Marpole	$592.02/m^2 ($55.00/sf)	*$640.26/m^2 ($59.48/sf)*
Cambie Corridor	$592.02/m^2 ($55.00/sf)	*$655.96/m^2 ($60.94/sf)*
Norquay (Kingsway C-2)	$107.64/m^2 ($10.00/sf)	*$119.27/m^2 ($11.08/sf)*
Little Mountain Adjacent	$247.57/m^2 ($23.00/sf)	*$274.31/m^2 ($25.48/sf)*
Southeast False Creek	$123.78/m^2 ($11.50/sf)	*$154.09/m^2 ($14.32/sf)*

Note: CAC targets are applied on the net additional density permitted through rezoning.

Background Information

1. Development Cost Levies
2. Density Bonusing
3. Community Amenity Contributions

1. Development Cost Levies (DCLs)

Development Cost Levies (DCLs) are a growth-related charge collected from most new development and a significant source of revenue for civic facilities and infrastructure needed to serve new residents and workers. DCLs help relieve what would otherwise fall onto property taxes and other City funding. Since the inception of DCLs in the City, over $550 million in funds have been collected from DCLs to help pay for growth-related facilities (updated to May 2015). Approximately 65% of these funds have been generated from the City-wide DCL and the remaining 35% from Area Specific DCLs.

DCLs are applied on a per square foot basis and payment is due at Building Permit issuance. The Vancouver Charter permits DCL revenues to pay for the following growth-related capital projects:

- park development and improvements;
- replacement (affordable) housing;
- childcare facilities; and,
- engineering infrastructure.

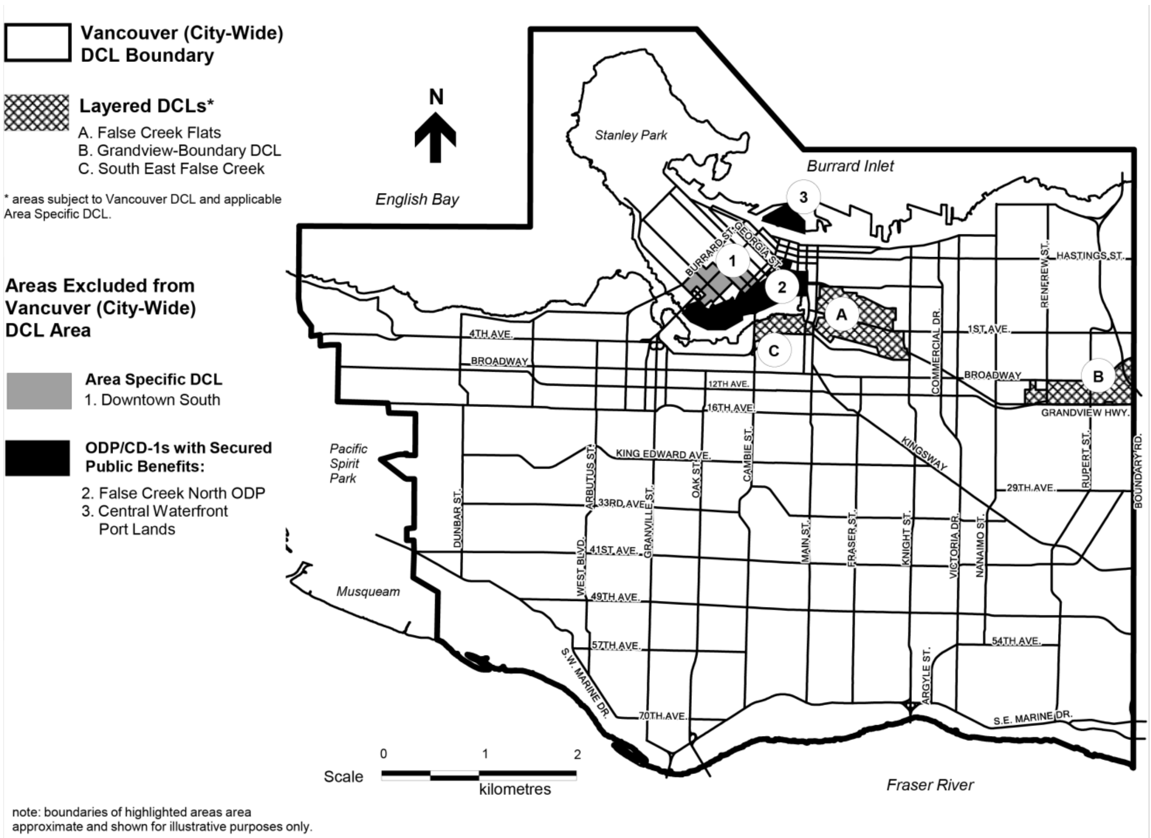
The current DCL system consists of 5 DCL Districts (each with its own rates) and 2 additional planning areas excluded from DCLs. The City-wide DCL District applies to most of the city and the 4 Area Specific DCL Districts apply to smaller planning areas across Vancouver. On July 21, 2016, changes took effect that greatly simplified the DCL system. Changes included replacing 5 of the 6 Area Specific DCL Districts (Burrard Slopes, Arbutus, Dundas/Wall, Triangle West and Cedar Cottage/Welwyn) with the City-wide DCL District and replacing 8 of the 10 planning areas exempt from the City-wide DCL with the City-wide DCL District (making these areas subject to DCLs).

DCL By-laws establish area boundaries of each DCL district. Levies collected within each district must be spent within the area boundary, except for DCLs collected for replacement housing which can be spent city-wide. DCL districts are divided into three general categories:

1. The Vancouver (City-wide) DCL District: This applies across most of the City.
2. Layered DCL Districts: These are specific geographic areas in which both an Area Specific DCL and the Vancouver DCL apply. There are three such areas shown on the map as A, B, and C (False Creek Flats, Grandview-Boundary, and Southeast False Creek). These are or were industrial areas where new plans identified potential for significant redevelopment and a higher need for facilities than could be covered by the City-wide DCL alone (e.g., sewer and water).
3. Area Specific DCL District: This is numbered #1 on the map. Development in this district is subject to the Area Specific DCL and is exempt from paying the Vancouver DCL.

There are also two additional areas (numbered 2 and 3) exempt from paying the City-wide DCL because prior to the introduction of the City-wide DCL, the City had already secured the provision of growth-related capital projects as part of a Comprehensive Development District (CD-1), Official Development Plan (ODP) or an alternative funding arrangement.

DCL Areas in Vancouver



2. Density Bonusing

Density bonus zoning (DBZ) is used as a zoning tool that permits developers to build additional floor space, in exchange for amenities and/or affordable housing needed by the community. Amenities can be community centres, libraries, parks, childcare centres, affordable housing and more.

Density bonus zones allow for:

- Outright density (or base density) with no density bonus contribution.
- Additional density, up to a limit set in a zone, with a contribution towards amenities and affordable housing.

Financial contributions are determined by the density bonus ‘affordable housing and amenity share’ contribution rate set out in the zoning bylaw. New community plan areas are actively pursuing new DBZ areas. DBZ contributions are currently approved in Norquay Village and Marpole Community Plan.

3. Community Amenity Contributions (CACs)

CACs are voluntary in-kind or cash contributions provided by development when City Council grants additional development rights through rezonings. CACs can help address the increased demands that may be placed on City facilities as a result of a rezoning (from new residents and/or employees), as well as mitigate the impacts of a rezoning on the surrounding community.

In a rezoning, CACs can be part of a public benefits package offered by the developer. In-kind (or on-site) amenity contributions can include affordable and non-market housing, childcare facilities or park space. CAC payments in-lieu may be put toward these benefits as well, but also include libraries, community centres, cultural facilities and neighbourhood houses. CAC payments in-lieu are generally applied to off-site benefits in the surrounding community. CACs are in addition to DCLs.

As new area-specific plans are approved these areas are excluded from the City-wide CAC policy. Many of these areas have a blend of negotiated CAC and CAC target contributions from rezonings, and they are based on local public benefit needs and development economics.

CAC Policy Areas in Vancouver