

From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

To: "Direct to Mayor and Council - DL"

CC: "City Manager's Correspondence Group - DL"

"Kelley, Gil" <Gil.Kelley@vancouver.ca>

"Haid, Susan" <Susan.Haid@vancouver.ca>

Date: 1/18/2020 11:38:28 AM

Subject: Memo - Council Report on Community Amenity Contribution (CAC) Policy Update - RTS 13431

Attachments: Memo to Mayor and Council - Council Report on Community Amenity Contribu....pdf

Dear Mayor and Council,

This memo is intended to apprise you regarding the Community Amenity Contribution (CAC) policy update report RTS #13431 on the Council Committee agenda this upcoming Wednesday, January 22. The report provides a background on the history, context, application and results of implementing the City's CAC policy in alignment with the Provincial guidelines. Proposed policy updates encompass 5 key elements:

1. Focus on specific public benefits
2. Broaden the public benefit through increased CAC portability
3. Deferring a portion of significant cash CAC payments
4. Refunds and alterations
5. Non-City Ownership.

This memo includes an appendix with some Frequently Asked Questions related to CACs to support Council's consideration of this report. Should you have questions, please contact Gil Kelley, GM of Planning, Urban Design and Sustainability (Gil.Kelley@vancouver.ca).

Best,
Sadhu

Sadhu Aufochs Johnston | City Manager
Office of the City Manager | City of Vancouver
604.873.7627 | sadhu.johnston@vancouver.ca

Pronouns: he, him, his



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.

MEMORANDUM

January 17, 2020

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
Paul Mochrie, Deputy City Manager
Lynda Graves, Administration Services Manager, City Manager's Office
Rena Kendall-Craden, Communications Director
Katrina Leckovic, City Clerk
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Anita Zaenker, Chief of Staff, Mayor's Office
Katheryn Holm, General Manager, Development, Buildings & Licensing
Susan Haid, Deputy Director of Planning, Long-Range & Strategic Planning
Chris Robertson, Assistant Director of Planning, City-wide & Regional Planning
Patrice Impey, CFO/General Manager of Finance, Risk & Supply Chain
Grace Cheng, Director, Long-term Financial Strategy & Planning
Sandra Singh, General Manager, Arts, Culture & Community Services
Nick Kassam, General Manager, Real Estate & Facilities Management
Cheryl Nelms, Acting General Manager, Engineering

FROM: Gil Kelley, General Manager, Planning, Urban Design and Sustainability

SUBJECT: Council Report on Community Amenity Contribution (CAC) Policy Update
(January 22, 2020)

Dear Mayor and Council,

On January 22nd, 2020, the Standing Committee on City Finance and Services will receive a report prepared by City Planning staff on the Community Amenity Contribution (CAC) Policy Update. This report is part of the City's ongoing effort to continually adjust and improve the policy and increase transparency. The following summary highlights the proposed policy changes, provides a brief overview of the importance of CACs, and some Frequently Asked Questions included in the Appendix.

CAC Policy Update

The City's current CAC Policy was adopted by Council in 1999, and formalized into the City's financing growth policy in 2003. The proposed CAC Policy framework builds on the City's long established CAC Policy and further aligns the policy with the 2014 Provincial CAC Guidelines. The policy update further enhances transparency, and improves how CACs are implemented. This includes clarifying eligible CAC uses and how, when and where CACs can be used.

The updated CAC framework addresses a key goal of the Vancouver Plan by providing a more portable and equitable CAC system. The proposed update enables for consideration the spending of CACs outside of the areas where CACs are generated when specific criteria are met. It is anticipated that this new allocation framework will help support a more diverse and equitable city-wide benefits strategy. Engagement on the portability of CACs through the Vancouver Plan will help confirm the specific approach.

The CAC policy update includes 5 key elements:

1. **Focus on specific public benefits:** The updated policy reinforces the existing practice and prioritizes the allocation of CACs toward the following public benefits:
 - Affordable housing;
 - Childcare;
 - Transportation;
 - Community facilities;
 - Public safety;
 - Parks and open spaces;
 - Arts and culture; and,
 - Heritage conservation.

Potential exceptions to the above public benefit allocations may arise over time and would be subject to Council approval.

2. **Broaden the public benefit through increased CAC portability:** CAC allocation will continue to be prioritized in the neighborhood in which the rezoning takes place, but will also incorporate a more portable, equitable approach by considering investments towards City-serving public benefits.
3. **Deferring a portion of significant cash CAC payments:** Current CAC policy requires cash CACs to be paid in full prior to rezoning enactment. The proposed update to the policy would allow, at the City's discretion, the possibility of deferring a portion of cash CACs that are valued over \$20 million with set financial securities in place to guarantee payment to the City at a later date.
4. **Refunds and alterations:** The proposed policy clarifies that the City will not refund previously approved cash CACs, or alter in-kind CACs following Council approval at public hearing. In-kind CACs may only be altered through the resubmission of a new rezoning application.

5. **Non-City Ownership:** Proposed policy allows consideration of non-city ownership of in-kind CACs by non-profits, indigenous, and government agencies subject to specific legal conditions.

This memo includes an appendix with some Frequently Asked Questions related to CACs.

Please do not hesitate to contact Chris Robertson (chris.robertson@vancouver.ca) or me should you have any follow-up questions.

Regards,

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a horizontal line that extends to the right and then curves slightly downwards.

Gil Kelley, FAICP
General Manager, Planning, Urban Design and Sustainability
604.873.7456 | gil.kelley@vancouver.ca

Appendix: Frequently Asked Questions

What are CACs?

As Vancouver grows, so does the need for new public benefits such as parks, libraries, childcare facilities and affordable housing. Some of the funding to create and support these facilities comes from contributions applied to these new developments.

Within the City's financial framework, the City funds capital projects through:

- City contributions (e.g. property taxes, utility fees);
- Partnership contributions (e.g. senior government funding, non-profits); and
- Development contributions, which include:
 - Development Cost Levies (DCLs): Per square foot levy charged on all new developments to specifically fund affordable housing, childcare, parks, transportation, and utilities.
 - Density Bonus Zoning: Increased floor space under existing zoning in exchange for providing public benefits and affordable housing.
 - Community Amenity Contributions (CACs): In-kind or cash contributions for public benefits when the City approves a rezoning. CACs are growth related contributions and can be allocated to fund things that DCLs can't.

Development contributions help the City build and expand facilities such as: affordable housing, park space, libraries, childcare centres, community centres, transportation services, cultural facilities and neighbourhood houses. Development contributions ensure that as additional density is added, the costs of additional public benefits are shared between project developers and the City, instead of the growth costs being borne solely by the City and taxpayers.

Community Amenity Contributions are in-kind or cash contributions provided by property developers when a rezoning approval results in an increase in development potential or a change in the permitted uses of a site. CACs are just one of the tools used by the City to fund public benefits and help address the costs of growth-related public benefits (i.e. amenities and infrastructure, including affordable housing, childcare, community facilities, parks, etc.).

What kinds of amenities have CACs help deliver?

Since 2010, the City has secured the following new public benefits as in-kind CACs:

- 1,900 social housing units
- 500 childcare spaces
- 11 community facilities including neighbourhood houses, family places, and community centres
- 8 cultural facilities including artist studios and performance and rehearsal spaces
- 6 parks/open spaces/public realm improvements
- Other public benefits such as heritage conservation and public art

In addition to the in-kind CACs noted above, the City has also secured cash CACs from new development which are put into dedicated reserves and spent on public benefit projects approved through Council. These kinds of CAC projects greatly reduce pressure on taxpayers.

Without these valuable contributions from development, significant increases in taxes would be required to fund these public benefits.

What's the difference between a Cash and In-kind CAC?

Cash CACs are payments from a rezoning applicant in-lieu of providing land and/or capital facilities as a public benefit. Cash CACs are deposited into interest-bearing reserves dedicated for spending on public benefits subject to Council approval. Cash CACs are allocated through the City's capital planning and annual budget processes, both of which require Council approval.

In-kind CACs are land and/or capital facilities that are provided by applicants through the rezoning process, typically as on-site public benefits. Generally the City seeks in-kind CACs as a first priority.

Do CACs reduce housing affordability in Vancouver?

Housing prices are set by market demand.

Development charges and contributions, including CACs, are generally considered part of the costs of development which means developers incorporate these costs into their projects and the price they are willing to pay for land.

An independent report conducted by Coriolis Consulting in 2019 found that there is no evidence CACs are causing housing prices to rise or are reducing affordability in Vancouver. The report also found that CACs did not restrict housing supply; in fact over the past 5 years the City's overall housing supply has increased at a faster rate than the construction of new housing units. <https://vancouver.ca/files/cov/CAC-coriolis-consulting-final-report-april-2019.pdf>

Why are CACs only allocated towards growth costs? Why can't they be used for operating costs?

The BC Provincial Guidelines on CACs are clear that CACs are for growth-related capital facilities. The Guidelines suggest that lifecycle and operating costs should be taken into account when planning for CACs. New development can be expected to contribute to building new public benefits, however the new residents and businesses that move into the development are expected to contribute to the operating costs of these public benefits through property taxes and user fees. Therefore operating costs should be recovered through these types of funding sources. The City has not allocated CACs towards operating costs since 2014 when the Provincial Guidelines came into effect. The City has grant programs that can be purposed for funding operating costs.