

2022 Development Cost Levy Update

Overview of DCL Update



Why We're Here

- DCLs are a critical source of funding for growth-related capital projects, helping to achieve needs set out in area public benefit strategies as well as in service strategies
- Council has endorsed a framework integrated with City's Capital Planning process to update the DCL program every 4 years
 - City-wide DCL was last updated in 2017
 - Utilities DCL was introduced in 2018
- On June 22, 2022, Council will consider updated DCL rates and allocations, as well as DCL policy considerations such as waivers, reduced rates and others

Agenda

- DCL Update Timeline
- DCL Context
- DCL Update Process
- Next Steps

2022 DCL Update Timeline

- Phase 1 (Aug – Dec 2021):
 - 10-Year Development Forecast
 - DCL Policy Review
- Phase 2 (Jan – Jun 2022):
 - External Engagement
 - 10-Year DCL Capital Programs
 - Updated Project Lists
 - DCL rates & DCL allocation
 - Economic Testing
 - DCL Policy & Rate Recommendations
 - External Engagement
 - **Council Report – June 22, 2022**
 - New DCL rates effective – Sept 30, 2022

External consultants to support project:



External stakeholders:

- UDI
- NAIOP
- HAVAN
- Non-Profits
- DCL Receivers

What are DCLs?






- One-time charge imposed on new development to fund growth-related capital projects, helping to maintain service levels as the City grows
- Financing Growth (2004) principle is 'growth pays for growth' so that financial burden is not borne by existing tax/rate payers
- Metro Vancouver and TransLink also apply DCC charges on local development



What are DCLs? (con't.)

- Vancouver Charter (S.523.D.) authorization
 - Development charge that partially offsets the cost of growth-related civic facilities
- Per sq.ft. charge payable at Building Permit issuance
- Since 2012: \$0.8B collected & \$0.7B allocated

City-wide DCL Allocation

	Housing	Transportation	Parks	Childcare	Utilities
					
2017 – Current	36%	25%	18%	13%	8%
2003-2016	32%	22%	41%	5%	0%

- In 2018, City-wide Utilities DCL was established

DCL Funding Eligibility

What DCLs Can Fund	What DCLs Can't Fund
Capital Costs	Operating and/or maintenance activities
Costs associated with anticipated future growth	Costs associated with works serving the existing population
Parks Childcare Housing Transportation Utilities	Libraries Fire Halls Police Stations Recreation Facilities Cultural/Social Facilities



DCL Overview



Development Cost Levies (DCL)

APPLIES TO:

All developments including rezoning

ALLOCATION & DELIVERY:

Parks, childcare, replacement housing, transportation, utilities

CONTRIBUTION TYPE:

Flat rate per square foot

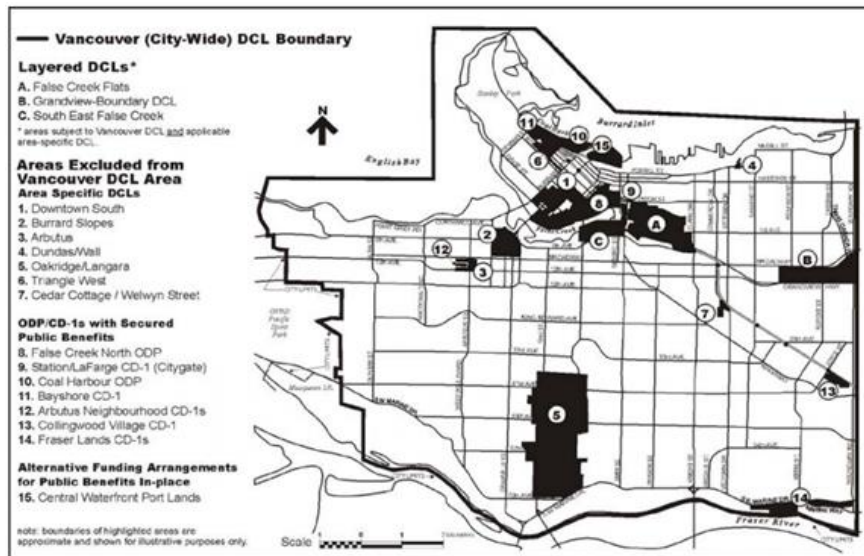
- First implemented in 1992
- City-wide DCLs
 - City-wide DCL (Housing, Childcare, Transportation, Parks)
 - City-wide Utilities DCL (Sewer, Water, Drainage)
- Layered Area-Specific DCLs
 - Southeast False Creek
 - False Creek Flats
- Similar charges across Canada
- Social Housing Exemption/
Secured Market Rental Waiver

DCL Areas - Simplification

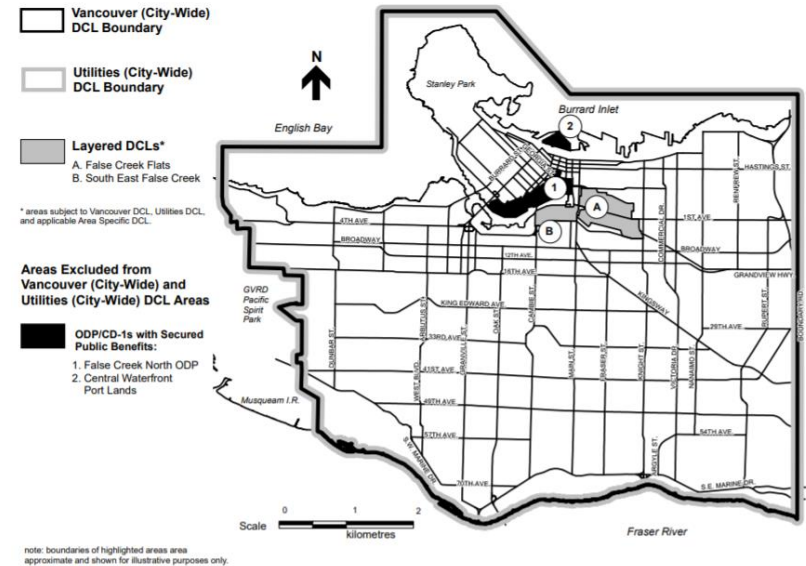
2007



Today



21 DCL Areas



6 DCL Areas

Current DCL Rate Categories

Market Rates

Residential	Residential at or below 1.2 FSR and Laneway House
	Medium Density Residential above 1.2 FSR to 1.5 FSR
	Higher Density Residential above 1.5 FSR
Non-Residential	Commercial and Most Other Uses ³
	Industrial ⁴
	Mixed Employment (Light Industrial) ⁵

Reduced Rates

Other Rates⁶	Artist Studio (Class A&B) Childcare Community Centre/ Neighbourhood House Library Public Authority Use Social Service Centre Temporary Buildings
	Community Energy Centre
	Parking garage
	School (K-12, Public)
	Works Yard

DCL Rate Regional Comparison

Comparing Our Rates Regionally



LOWER DENSITY RESIDENTIAL

In-line with others



HEAVY INDUSTRIAL

In-line with others



MEDIUM DENSITY RESIDENTIAL

In-line with others



MIXED EMPLOYMENT (LIGHT INDUSTRIAL)

Highest



HIGHER DENSITY RESIDENTIAL

Among the highest



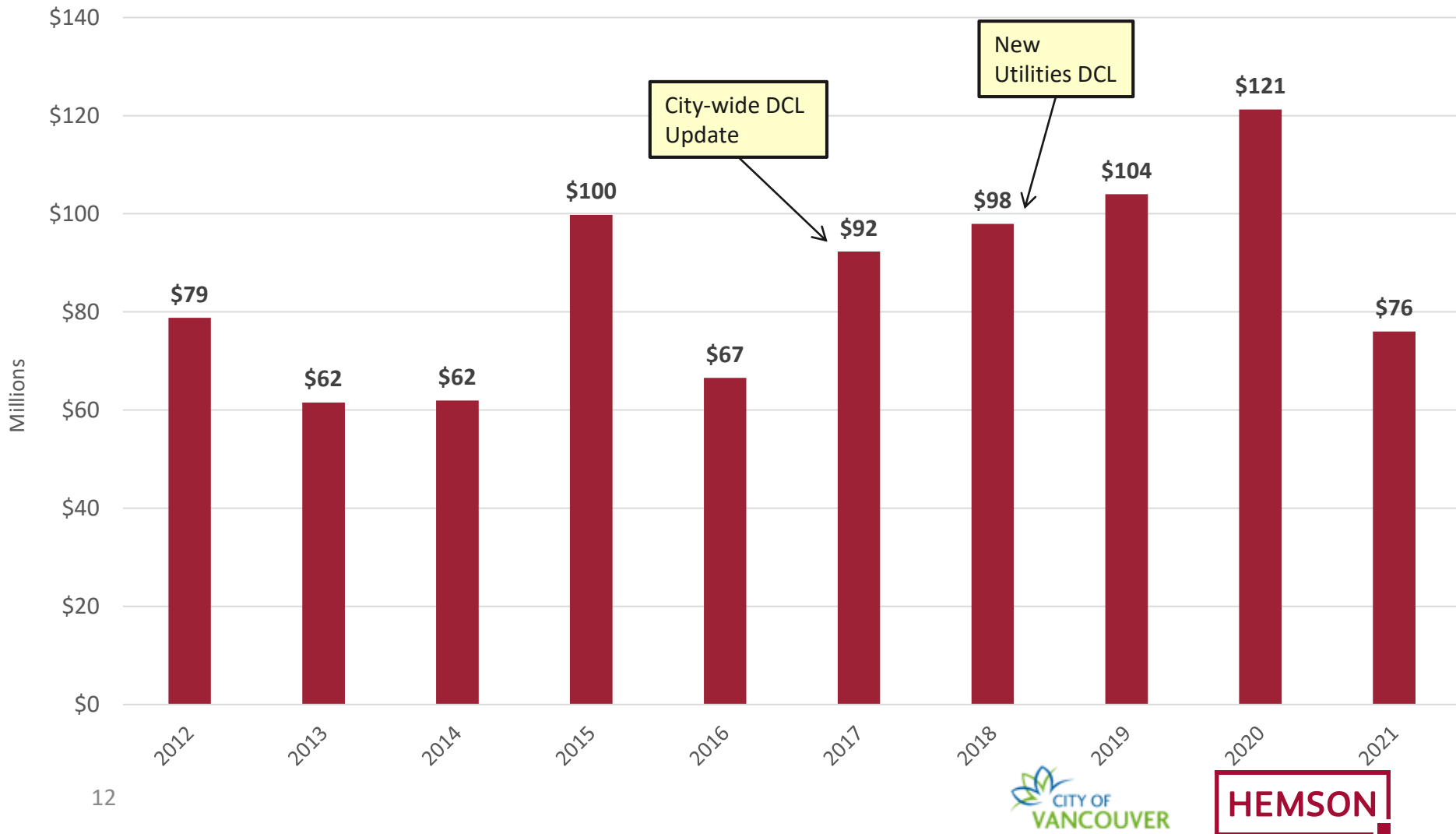
COMMERCIAL (OFFICE)

Highest

As of May 2021

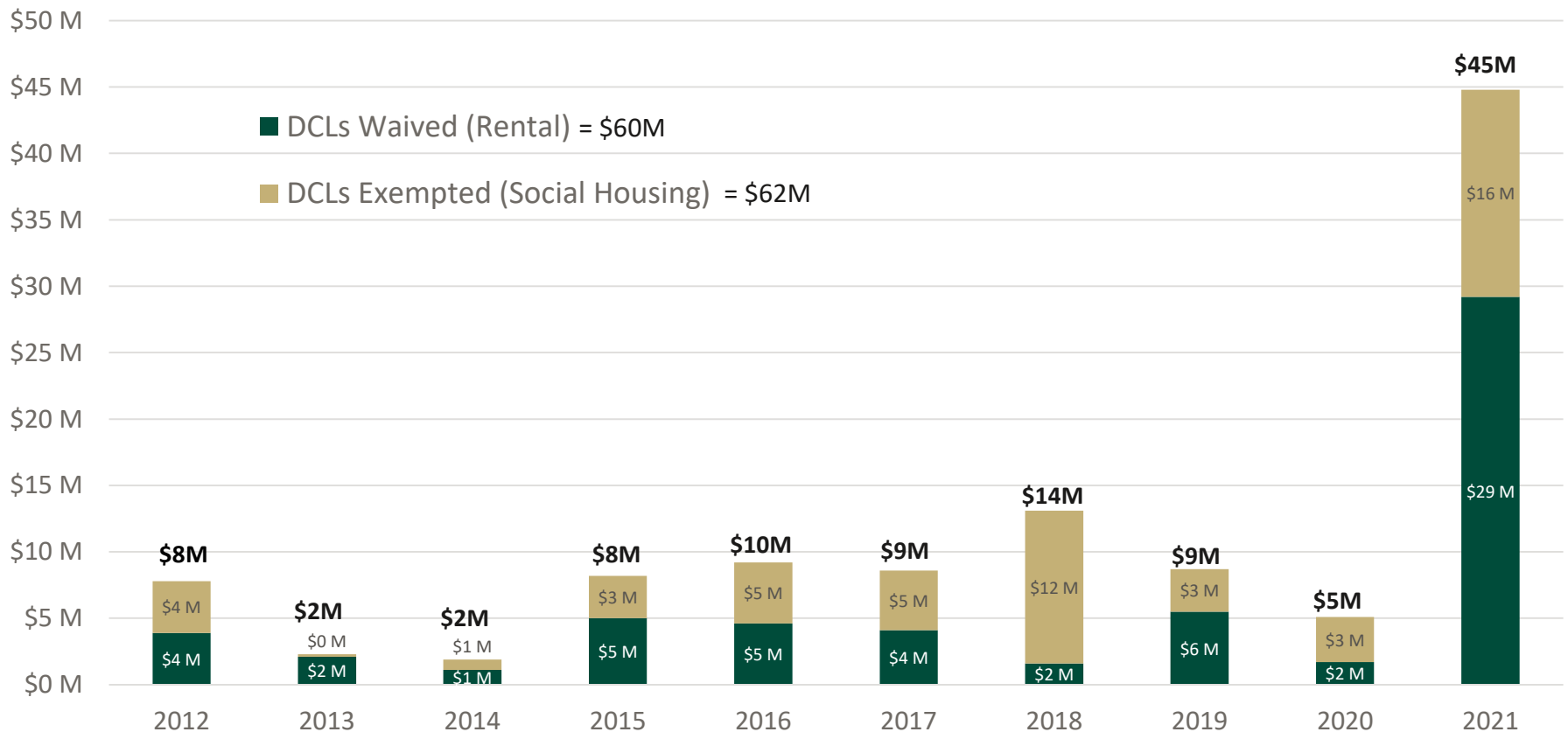
DCL Annual Revenue

\$800M - Total DCLs Collected since 2012



DCL Annual Exemptions/Waivers

\$112M - Total DCLs Exempted/Waived since 2012
(14% of DCL Revenue)



DCL Rental Waiver: History

- 2008: Charter amended to allow **DCL rental waiver**
- 2009: Council approved **DCL rental waiver**
- 2018: Council approved the establishment UDCL, **DCL rental waiver** provided on an interim basis
- 2019: Removed the **UDCL rental waiver** for market rental housing (RTS 13427)
- 2019: **DCL rental waiver** expanded for MIRHPP
- 2021: In-stream rate protection officially expires for all applications seeking a **UDCL rental waiver**

DCL Funded Projects (2009 – 2020)

Housing



◆ HOUSING

1. SEFC - Olympic Village (252 units)
2. Woodward's (200 units)
3. Kingsway Continental (123 units)
4. Pacific Coast Apartments (96 units)
5. Kindred Place (87 units)
6. Union Gospel (37 units)
7. Skeena House (40 rooms)
8. Sanford Apartments (62 units)
9. Kettle on Burrard (141 units)
10. Kwayatsut (103 units)
11. 211 Gore Ave (96 units)
12. McLaren House (110 units)
13. Karis Place (105 units)
14. 1105 Seymour St (81 units)
15. 220 Terminal Ave (40 units)
16. Railyard & Aaron Webster Housing Co-op (135 units)
17. 1720 Kingsway (48 units)
18. Immigrant Services Society (28 units)
19. Fraserview Housing Co-op Phase 1 (90 units)
20. YWCA Pacific Spirit Terrace (31 units)
21. Hannelore (46 units)
22. Olivia Skye (120 units)
23. Co:Here Housing Community (26 units)
24. Fraserview Housing Co-op Phase 2 (188 units)
25. 2777 E Kent Av (32 units)
26. 3183 Pierview Crescent (89 units)

DCL Funded Projects (2009 – 2020)

Childcare

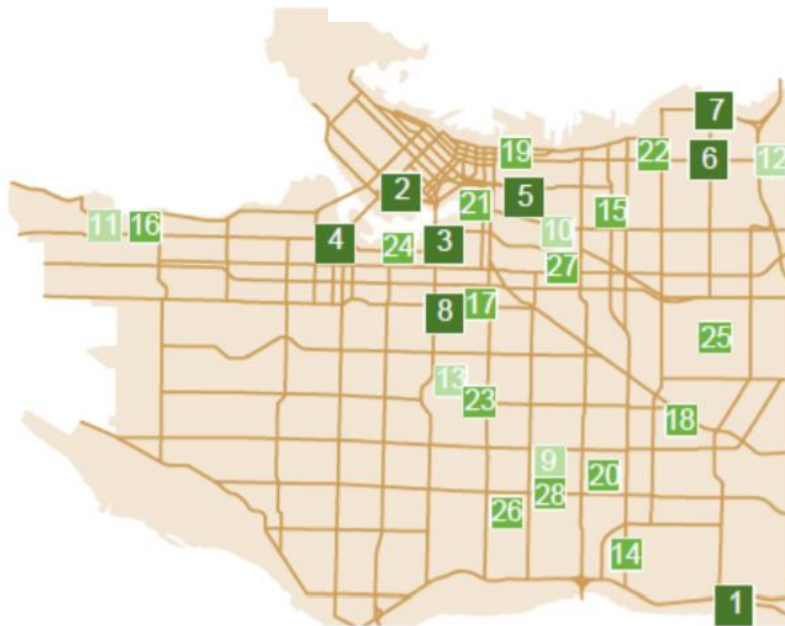


● CHILDCARE

- A. Mount Pleasant Centre (49 spaces)
- B. Woodward's (37 spaces)
- C. Creekside Centre (69 spaces)
- D. The Mark (37 spaces)
- E. The Charleson (37 spaces)
- F. Kits Montessori (37 spaces)
- G. Lord Nelson Elementary School (69 spaces)
- H. Sir Sandford Fleming Elementary School (69 spaces)
- I. Lord Tennyson Elementary School (69 spaces)

DCL Funded Projects (2009 – 2020)

Parks



PARKS

New Parks

1. E. Fraserlands
2. Emery Barnes
3. SEFC
4. Burrard Slopes
5. 'Trillium' site (phase 2)
6. Plateau Park
7. Creekway
8. Lillian To

Playfields

9. Memorial South
10. 'Trillium' site (phase 1)
11. Jericho
12. Hastings Park - Empire Fields
13. Hillcrest

Park Upgrades

14. Fraserview
15. Grandview
16. Jericho Beach
17. Mount Pleasant
18. Norquay
19. Oppenheimer
20. Tecumseh
21. Creekside
22. Pandora
23. Riley
24. Charleson Park
25. Renfrew Park
26. Sunset Park
27. China Creek North
28. Memorial South

DCL Funded Projects (2009 – 2020)

Transportation



ENGINEERING

Walking & Cycling

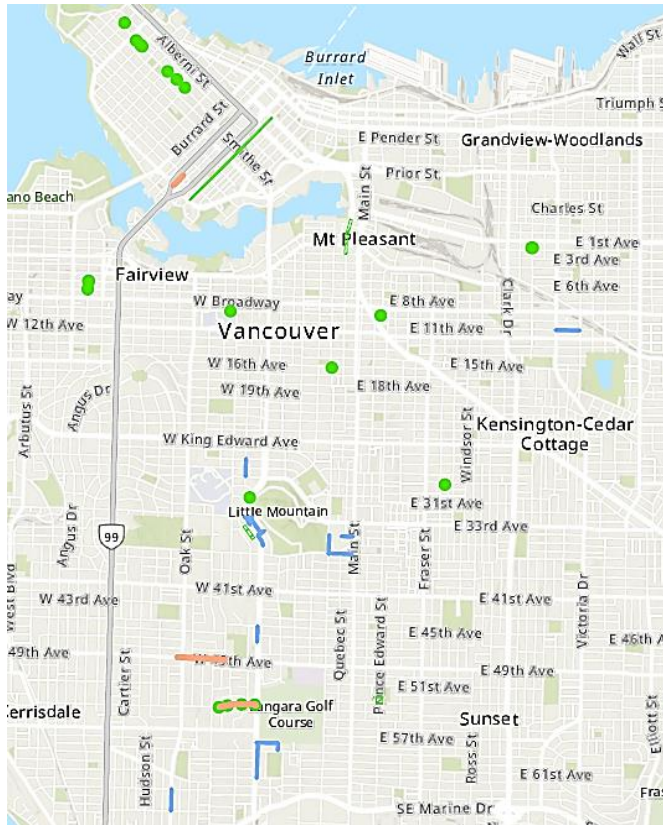
1. Central Valley (west)
2. Central Valley (east)
3. Comox
4. Dunsmuir
5. Hornby
6. North Arm Trail
7. Pt. Grey-York
8. Smithe-Nelson
9. Burrard Bridge
10. Cambie Bridge
11. False Creek South Seawall
12. 10th Ave (Phase 1)
13. 14th Ave
14. Alexander
15. Powell
16. Adanac-Union
17. SW Marine Dr

Major Roads

18. Upgrading of 1st & 2nd Ave. in SEFC
19. Grandview-Boundary intersection
20. Knight left-turn bay @ 57th Ave.
21. Knight-Marine intersection

DCL Funded Projects (2019 – 2020)

Utilities



Sewer Projects

- W54th
- W49th
- Oak St
- Granville Loops

Drainage (Green Infrastructure)

- W54th
- Richards St
- Quebec St
- Haro St

Water Projects

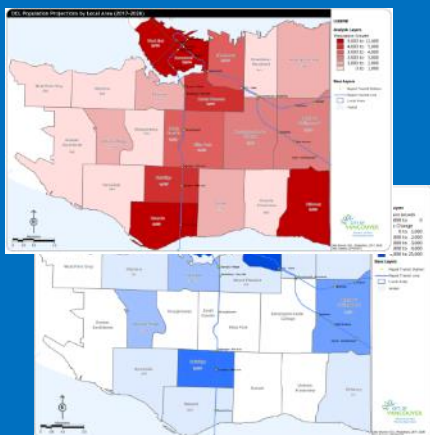
- E 35th & E37th, Quebec to Main
- Ontario, E 35th to E 37th
- E 11th, Commercial to Victoria
- Alberta St, W 58th to W 59th
- Oak St, W 64th to W 67th
- W 58th Ave, Cambie to Alberta
- Ash St, W 27th to W 29th
- Cambie Upgrades 33rd to 36th

DCL Update Process

Reflecting BC Government DCC Best Practices Guide:

Estimate Development Forecast

- 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

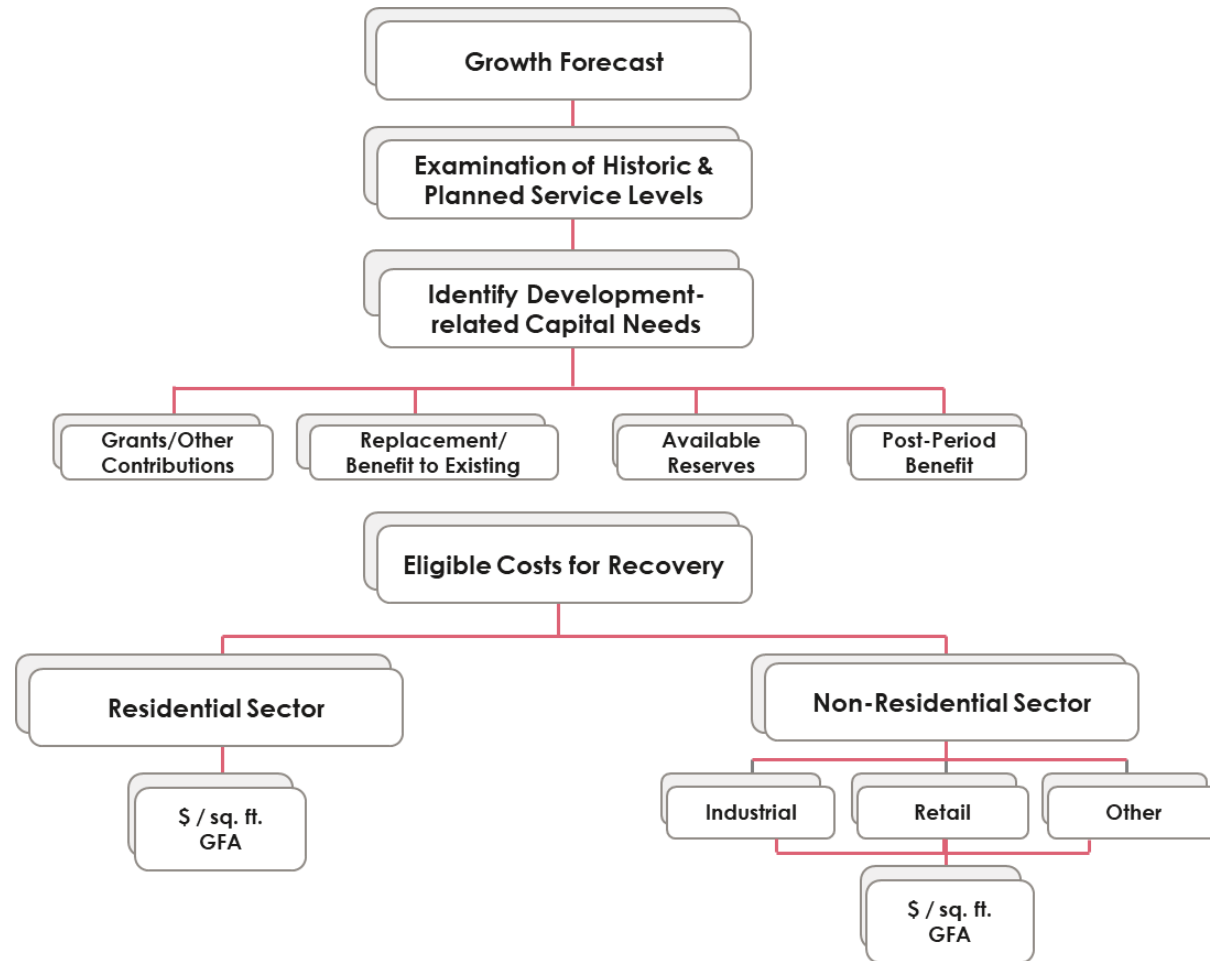
- Industry Consultation
- Council Approval
- By-Law Adoption

	RESIDENTIAL AT OR BELOW 1.2 FSR AND LANDWAY HOUSE	RES IN DEVELOPMENT OVER 1.2 FSR, COMMERCIAL AND MOST OTHER USES ¹	INDUSTRIAL ¹
City-wide	Vancouver DCL	\$34.77/m ² (\$3.23/sf)	\$143.73/m ² (\$13.91/sf)
Layered ²	False Creek Flats	\$63.30/m ² (\$6.80/sf)	
	Grandview-Boundary	n/a	\$30.14/m ² (\$3.64/sf)
	South East False Creek	\$206.21/m ² (\$19.16/sf)	\$31.29/m ² (\$2.91/sf)
Area-specific ³	Downtown South	n/a	\$205.44/m ² (\$19.03/sf)
			No industrial capacity

Basic DCL Rate Calculation

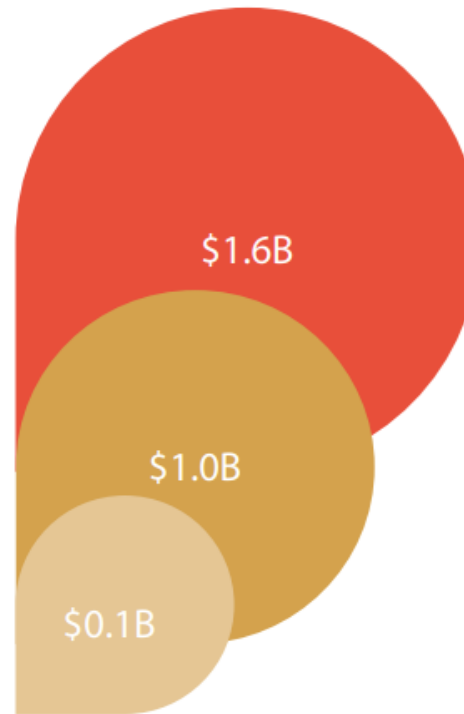


Detailed DCL Process to Update Rates



2019-2022 Capital Funding Sources

- Development contributions primarily fund growth costs
- Property taxes/user fees primarily fund renewal costs
- Partner contributions fund a mix of renewal and growth costs



Sources of Funds (who pays)

SOURCE: 2019-2022 CAPITAL PLAN
(Approved July 2018)

\$1.6B | **58%**

Development related
contributions

\$1.0B | **38%**

Property tax, user fees
& other revenue

\$0.1B | **4%**

Partnership contributions

Who Benefits from Development Contributions

Category	DCLs	CACs / Density Bonusing (In-kind & Cash)	Development Conditions & Dedications
Housing	✓	✓	Land Dedication
Childcare	✓	✓	
Community Facilities		✓	
Parks	✓	✓	Land Dedication
Transportation	✓	✓	✓
Utilities	✓		✓
Heritage		✓	

Key Considerations for DCL Update

- Increasing growth, changing location of development, shift to rental development
- Rising costs, reduced DCL revenue forecast
- Update DCL capital programs to reflect costs of growth
- Draft DCL rates / economic testing (including stakeholder engagement & Council briefing)
- Update DCL allocations
- Revisit DCL waiver for market rental and other reduced rates

Development Forecast (2023-2032)

Residential Categories	Forecasted Floor Area (million sq.ft.)
Low Density Residential (Laneway, Duplex, Townhouse)	4.0
Medium Density Residential (Stacked Townhouse, Low rise apartment)	2.0
Higher Density Residential (Mid and High Rise Apartment)	35.9
Total Residential	41.9

Non-Residential Categories	Forecasted Floor Area (million sq.ft.)
Commercial & Other Uses (Office, Retail, Institutional, Hotel)	10.6
Mixed Employment (Light Industrial)	1.4
Industrial (Heavy Industrial)	2.3
Total Non-Residential	14.3

DCL Capital Programs (in development)

Preliminary capital project program areas based on development forecast (2023-2032)

Parks
Parkland Acquisition
New Parks in Neighbourhoods
Secure Waterfront Access
Park Consolidation & Expansion
Park Networking
Park Development
New Park Construction
Park Upgrades, Facilities & Amenities in existing parks
Urban Forestry & Biodiversity Initiatives
Improvements to Seawall and Recreation Pathways

Childcare
Spaces for Ages 0-4
Civic Buildings (e.g. Community Centres)
Schools
Integrated into Private Developments
Sub-Total Spaces for Ages 0-4
Spaces for Ages 5-12
Renovations of multi-purpose space
Newly built space
Sub-Total Spaces for Ages 5-12

Affordable Housing
Contributions towards City-led projects & partnerships (land and construction)
Contributions towards non-profit partner projects
Contributions towards Developer built projects (inclusionary policies & in-kind delivery)

Utilities
Sewer & Drainage
Broadway
Cambie
Sewer model
Green Infrastructure
Water
Water system upgrades
Hydraulic Model

Transportation
Active Transportation Improvements
False Creek Bridge Upgrades
Greenways
Sidewalk and Curb Ramp
Complete Streets
Local Roads
Street Lighting
Signals
Safety Improvements

Next Steps: Phase 2

- Development of DCL capital programs: Feb 2022
- DCL Rate Calculations and Recommendations: March/April 2022
- 2021 Annual Report on DCLs released: April 2022
- Policy recommendations and report preparation: April/May 2022
 - External engagement
- DCL Council Report and Bylaw: June 22, 2022
- DCL rate changes effective Sep 30, 2022

Questions/Discussion

If you have any questions on the DCL Update, please contact:

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