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To: ["Direct to Mayor and Council"](#)

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Subject: Council Prep Package: Supporting development viability and unlocking new housing supply (PDS) (June 17, 2025)

Dear Mayor & Council,

The [Council Agenda](#) for June 17 is now live on Vancouver.ca. In preparation for the item *Supporting Development Viability and Unlocking New Housing Supply*, staff have prepared a brief package with key messages, key facts and relevant Q&As that may be helpful to you in media interviews or conversations with stakeholders and constituents.

Item in brief

Development viability is under increasing strain due to a wide range of factors such as construction cost escalation that has far outpaced consumer inflation since COVID-19, impending tariff implications, elevated interest rates, and other factors. This shift has left both purpose-built rental and strata development financially challenging, particularly at the scale, price points, and speed required to meet the city's housing needs. Without intervention, supply will continue to lag behind demand, exacerbating affordability pressures.

In response, staff are proposing a suite of targeted, immediate actions to support development viability by easing cost pressures, improving flexibility, and maintaining funding for critical infrastructure. These are the first in a series of changes to ensure that housing can continue to be delivered in a high-cost environment.

Communications approach in brief

Given the complexities of how development charges and community amenity contributions work, and that challenges on development viability at present are not widely or commonly understood, City staff will proactively pitch media interviews with PDS GM, Josh White, to provide information on the substance of the report and what factors are driving recommendations.

If approved by City Council, City staff will distribute a news release to explain the changes and respond to any media reactively.

Key messages

- The City of Vancouver is proposing a broad suite of actions to support development viability and help urgently needed housing projects move forward as rising construction costs, inflation, and high interest rates make it harder to build housing.

- Current market conditions are putting pressure on the financial feasibility of many housing projects—especially rental and strata developments aimed at middle-income households. Without action, projects risk delay or cancellation, and the cost of new homes may climb even further out of reach.
- In a housing crisis, delaying projects until market conditions improve is not an option. When it becomes too expensive to build, the result is either fewer homes or more expensive ones. The proposed changes are about giving builders more flexibility to move forward, helping ensure more housing gets built at the right price points and for the people who need it.
- To improve project feasibility and respond to current economic realities, the City is recommending a targeted package of changes that would provide both financial relief and process improvements. Together, these measures are designed to reduce upfront costs, improve flexibility, and streamline the development process — helping projects move forward faster and at the right scale.

Key Facts

- Proposed financial measures to ease cost pressures and improve cash flow:
 - Flexible development cost levy (DCL) payment: Developers would be able to pay DCLs over \$500,000 in three equal installments, easing early-stage financial strain.
 - Deferral of major Community Amenity Contributions (CACs): The required upfront cash CAC payment at rezoning enactment would be reduced from \$20 million to \$5 million. The balance could be deferred, with interest, and secured through surety bonds or letters of credit.
 - Expanded use of surety bonds: Developers would be able to use pay-on-demand surety bonds as an alternative to letters of credit, unlocking capital that would otherwise be tied up towards getting housing projects into construction.
 - Removing inflationary increases: the City would forego scheduled inflation adjustments for 2025, including:
 - 3.2% for DCLs
 - 5.7% for CAC targets and density bonus contributions
- In addition to the financial changes being presented to Council for decision, City staff are already advancing efforts to make the development process more efficient and predictable — a key factor in helping projects stay viable. Delays and uncertainty can add significant costs. By speeding up reviews and clarifying requirements the City is helping projects move forward with greater confidence.
 - Faster, clearer rezoning process: City staff are implementing improvements to reduce wait times and make it easier to navigate the application process. Changes include clearer application streams, earlier support for complex files, and service level commitments between staff and applicants.
 - Improving sewer review to reduce costs and delays: Updates to how sewer capacity is reviewed to focus on managing rainwater directly on-site, reducing strain on the City's sewer system and helping projects avoid costly off-site upgrade requirements.
 - More flexibility in building design: The City is allowing larger floor sizes (floor plates) in taller buildings and mass timber projects, which can make construction more efficient and reduce costs, while still meeting design and livability goals.

- o Updates to Community Benefits Agreements (CBAs): The CBA policy is being refined to improve clarity, reduce complexity, and better support local hiring and social outcomes on large projects.
- This is the first in a series of coordinated efforts to support housing delivery in Vancouver. Upcoming work includes further rezoning process improvements, a review of growth-related funding tools, and continued updates to infrastructure and permitting policies — all aimed at supporting housing delivery while keeping neighbourhoods livable and well-served.

Questions & Answers

1. Will this reduce funding for City services and amenities?

- No. These changes are designed to maintain funding levels while adjusting timing and methods of collection. While there will be budget impacts, these can be mitigated with financial planning. Development contributions will still fund essential infrastructure and amenities like parks, childcare, and utilities — but with more flexibility to reflect market realities.

2. What kinds of projects will benefit the most?

- These changes are particularly helpful for rental housing, mixed-income projects, and other developments that are often more sensitive to financing conditions and upfront costs.

3. How do development charges work in other municipalities? Is Vancouver unique in shifting the timing and structure of development charges?

- Most Metro Vancouver municipalities allow developers to pay development charges in installments, typically requiring an initial payment and security for the remaining balance. However, payment by installment option is rarely taken up by developers given the stringent security requirements typically requiring a Letter of Credit.
- Metro Vancouver and TransLink already allow staged payments, and Surrey and Burnaby have limited surety-bond policies. Vancouver's changes align with these regional trends.

4. Do development charges make housing more expensive in Vancouver?

- There's a balance to strike. Development charges help build the infrastructure needed for a growing city — but if they're too high or inflexible, they can stall or cancel housing projects.
- By adjusting how and when fees are collected, the City is helping more housing get built sooner, which supports supply and affordability in the long term.

5. How will the new changes make a difference?

- The changes are designed to make it easier and more financially feasible for builders to move forward with housing projects.
- By delaying when some charges are due, removing scheduled fee increases, and offering

- more flexible financing options, the City is:
 - Improving cash flow for developers at critical early stages of construction
 - Reducing upfront costs, which can otherwise stall or cancel projects
 - Maintaining funding for parks, childcare, housing, and other services through smarter timing, not reduced responsibility
- These changes won't solve every challenge in the housing market on their own, but they remove unnecessary barriers and help make it more likely that much-needed homes will get built. A suite of actions will cumulatively and materially improve project viability, which is the reason for a multi-faceted suite of actions now and into the future.

6. The federal government recently shared plans to encourage municipalities to reduce development charges by 50% in exchange for federal government funding. Will the City be pursuing this?

- We are closely monitoring federal policies related to development charges and remain committed to working collaboratively with senior levels of government to support housing delivery.

Related links

- [Council Agenda](#)
- [Report](#)

If you have any questions about the foregoing, please reach out to Maria at maria.pontikis@vancouver.ca.

Best,

Paul

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