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To: "Direct to Mayor and Council"

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Subject: Upcoming news release: supporting development viability and unlocking housing (June 17, 2025)

Dear Mayor and Council,

Following your approval at today's Council meeting, I am writing to inform you that the City will be issuing the below news release regarding supporting development viability and unlocking housing. Please keep this news release embargoed until it goes live from the City media email account later this afternoon.

Maria will reply to this email with the relevant Vancouver.ca link and social media links, once these are live.

Best,

Paul

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the x m 0k y m (Musqueam), S wxwú7mesh (Squamish), and s lilw ta (Tsleil-Waututh) Nations.

Vancouver takes action to keep rental and strata housing projects moving in challenging market conditions

Today, Vancouver City Council approved a broad suite of actions to support development viability and help urgently needed housing projects move forward. These actions respond to rising construction costs, inflation, and high interest rates, which are making it increasingly difficult to build new housing.

Current market conditions are putting pressure on the financial feasibility of many housing projects—particularly rental and strata developments aimed at middle-income households. Construction cost escalation has far outpaced consumer inflation since the pandemic, and additional factors such as impending tariff implications and elevated interest rates continue to challenge new housing projects. Without action, supply will continue to lag behind demand, exacerbating affordability pressures as the cost of new homes may climb even further out of reach.

In response, City Council approved a series of targeted, immediate actions to support development viability by easing cost pressures and improving flexibility, while 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.

“Vancouver currently leads the region in rental housing delivery, with the City accounting for 44% of all rental housing starts in Metro Vancouver,” said Mayor Ken Sim. “Over the course of this term, we’ve approved over 21,000 housing units and amid shifting economic conditions, it’s important that housing projects are able to begin construction quickly. The changes passed today will give builders more flexibility to move forward and build urgently needed homes.”

Proposed financial measures to ease cost pressures and improve cash flow for housing projects include:

- 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 the scheduled 3.2% inflation adjustments for 2025, as well as last year’s inflationary adjustment of 5.7% for CAC targets and density bonus contributions.

“In addition to the financial tools approved today, we’re advancing improvements to make the

development process more efficient and predictable — because we know that time and uncertainty add cost,” said Josh White, General Manager of Planning, Urban Design and Sustainability. “By speeding up reviews and clarifying requirements, we’re helping projects move forward with greater confidence.”

Work underway to improve City processes and enhance efficiency and predictability for housing projects include:

- 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.
- 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.

For more information about how the City is supporting development viability and unlocking housing, please visit: https://council.vancouver.ca/documents/r2_003.pdf