

Procedures

Community Amenity Contributions Implementation Procedures

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1.0 How to Use this Document

The *Community Amenity Contributions Policy for Rezoning* ('CAC Policy') establishes policies around the collection, allocation, and spending of CACs secured through Council approval of rezoning applications, exemptions from CACs, and annual reporting of CACs.

This procedural document is an ancillary document to the CAC Policy and is intended to provide guidance for rezoning applications that are not exempt under policy 8.1 or policy 8.2. If any conflicts arise between the CAC Policy and this document, the CAC Policy will govern.

2.0 Planning Ahead for CACs

Vancouver is a growing city with an extensive network of public benefits (i.e. amenities and infrastructure). As new residents, employees, and visitors arrive in Vancouver, the City aims to maintain and improve this network of public benefits to ensure that Vancouver remains one of the most livable cities in the world.

Over the last 10 or so years, the City has conducted a number of city-wide needs assessments for select services provided by the City. These needs assessments have aided in the development of community plans and policy statements in the following areas:

- Broadway (In progress)
- Jericho Lands (In progress)
- Cambie Corridor (2018)
 - Heather Lands (2018)
 - Langara Gardens (2018)
 - Oakridge Transit Centre (2015)
- Northeast False Creek (2018)
- False Creek Flats (2017)
 - St. Paul's Hospital (2017)
- Grandview-Woodland (2016)
- Joyce-Collingwood Station Precinct (2016)
- Marpole (2014)
 - Pearson-Dogwood (2014)
- West End (2013)
- Downtown Eastside (2013)
- Mount Pleasant (2013)
- Norquay (2013)
- Little Mountain (2012)
- East Fraserlands (2006)
- Southeast False Creek (2006)

The following procedures outline how the City plans ahead for CACs through community plans and policy statements.

2.1 Public Benefits and CACs

A fundamental step in planning ahead for CACs is to consider the package of public benefits to be delivered through the community plan/policy statement. The City, through consultation with City staff and community and development stakeholders, identifies what is needed in terms of amenities and infrastructure in light of the anticipated growth in the area. Those needs often come in the form of new/expanded amenities and infrastructure, but may occasionally involve the renewal of existing facilities.

The package of public benefits is summarized in Public Benefit Strategies (PBS) within community plans and policy statements. A PBS supports livable, healthy, and sustainable communities, and focuses on public benefits such as: affordable housing, childcare, culture, parks and open spaces, community facilities, civic facilities, transportation, and utilities. The PBS takes into account the existing network of amenities and infrastructure needed to support the area as well as district- and city-serving amenities that provide services beyond the planning boundary. There are four main steps in preparing a PBS:

1. Assessing local need within a city-wide context;
2. Developing a strategy (including outcomes and/or targets) for addressing the identified needs;
3. Providing a rough order-of-magnitude cost to fulfill the strategy;
4. Outlining a financial strategy to support the outcome-based strategy (this includes CAC determination and allocation).

The financial strategy within or forming part of a PBS includes a review of all existing and proposed area amenities and infrastructure, and considers a variety of funding sources and tools to deliver them:

- Property taxes, utility fees, and user fees;
- Contributions from development:
 - Development Cost Levies (DCLs)

- Community Amenity Contributions (CACs)
- Density Bonus Zoning
- Conditions of Development
- Contributions from other levels of government and non-profit partners.

Overall, a PBS helps to guide decisions on what the City may seek as a CAC on any given rezoning site, as well as provides information on funding sources and estimated costs to deliver the supporting community amenities. For areas that do not have a PBS, local needs assessments determine how the CACs are allocated.

2.2 Rezoning Policies and CACs

CACs are one of the funding sources used by the City to provide growth-related public benefits. In planning for their use in community plans/policy statements, the City must consider the rezoning policies being proposed as part of the community plan/policy statement. Rezoning applications approved by Council may generate additional land value and/or development rights (as a result of increased density and/or changes of land use), thereby making it possible for the City to seek CACs from applicants.

2.3 Deployment of CACs

The City takes different approaches to deploying CACs in community plan and policy statement areas depending on applicable rezoning policies and PBS. In doing so, the City recognizes that some amenities and infrastructure are well-suited to be delivered by the City, while others are better suited to be delivered by applicants as in-kind CACs through redevelopments. The City's priority is for CACs to be delivered as in-kind (on-site) and/or located in the neighbourhood.

Sites with rezoning policies that can result in more generic development outcomes (e.g. density; form of development; urban design; additional land value from rezoning) are well-suited for target contributions ('CAC Targets') secured as cash CACs. These cash CACs are pooled together in order to deliver some of the public benefits identified in the PBS. The City recognizes target contributions as a best practice from the Provincial guidelines on CACs (2014) and will continue to expand their use as a first priority in future community plan and policy statement processes. Details on how the City determines the value of CAC Targets can be found in procedure 4.4.

Sites with rezoning policies that can yield more variable development outcomes (e.g. density; form of development; urban design; additional land value from rezoning) require a site specific analysis of an appropriate CAC offering at the time of rezoning application. This is because the development impacts may not be fully aligned with what was envisioned at the time of community plan/policy statement adoption or the site may be in an area that does not have an applicable community plan/policy statement. In these instances, the site will be subject to a negotiated CAC so that the CAC offering aligns with the impact of development and the PBS. The negotiated approach may result in an in-kind amenity, a cash payment or both. Where possible, the City identifies locations for in-kind CACs in the PBS but it cannot precisely predict how land will be assembled by developers and therefore cannot identify specific locations for many in-kind CACs.

2.4 Implementation and Monitoring

Community plans and policy statements contain detailed expectations on the types of public benefits that will be delivered through the various funding sources used by the City. The implementation and delivery

of these public benefits is done through the City's capital plan and annual budget processes, or through in-kind contributions provided on-site as part of a development.

Implementation of a community plan PBS is monitored through a set of implementation trackers found in the appendices of every Council report for rezonings in the respective plan area.

3.0 Relationship to Other Development Contributions

3.1 Development Cost Levies (DCLs)

CACs are in addition to DCLs in areas where DCLs apply. DCLs are specifically used to fund growth costs for the following types of capital projects as provided in each DCL area:

- Replacement housing;
- Childcare;
- Parks;
- Transportation; and
- Utilities

Policy 2.6 enables the use of CACs to bridge the gap between what DCLs pay for and full cost recovery. If CACs provide funding for a type of capital project that can also be funded from DCLs, this should be on prior approval of Council and cannot be in lieu of payment of DCLs. Visit the City's website for more information on DCLs.

3.2 Density Bonus Zoning Contributions

Some zones contain regulations that enable the development of additional density ('bonus density') that may be achieved, to a maximum set out in the by-law, with the provision of 'affordable housing shares' or 'amenity shares' ('density bonus zoning contributions') on the approved net increase in density. This zoning tool is referred to as 'density bonus zoning'

Policy 8.2(c) provides a CAC exemption for rezonings to density bonus zones as identified in Schedule F of the Zoning and Development By-law.

4.0 Determining CACs

As summarized in previous procedures in this document, CACs are an important tool that aids the delivery of growth-related public benefits to the residents and people working in Vancouver.

Policy 1.1 specifies that CACs are anticipated from all rezoning applications that are not exempt under policy 8.1 or 8.2. The City uses two different approaches to determine CACs depending on the proposed development and location of the rezoning application:

- CAC Targets - Under policy 1.2(a), the City uses a pre-determined target value in select areas of the city that meet specific criteria as indicated in Appendix A of the CAC Policy.
- Negotiated CACs - Under policy 1.2(b), the City negotiates with the applicant to determine an appropriate CAC offer in terms of value and the type of contribution (cash and/or in-kind) which would best align with the proposed rezoning and the community plan or policy reports, as applicable.

Applicants should review the CAC Policy prior to the submission of any rezoning-related materials to the City and be aware of which approach the City will take in determining the appropriate CAC offering from the applicant. If a CAC Target applies, the applicant should refer to the Policy to confirm the rate that applies at the date of rezoning submission (rates are updated annually on September 30th) to inform their CAC offer. If a negotiated CAC applies, the City will review the applicant's initial CAC offer once the Rezoning Application is made.

Applicants/enquirers and developers undergoing land acquisition may request initial feedback on the CAC approach by contacting staff prior to the submission of a rezoning application. To contact the City's Real Estate team, please call 604-873-7620.

4.1 City Roles in Determining CACs

The Director of Planning is the deciding authority on matters relating to a rezoning application during their preparation of recommendations to Council. Information relating to a rezoning application is coordinated through a rezoning planner. The City's Real Estate Services division communicates with the Planning department throughout the CAC negotiation process. The Director of Planning is the deciding authority on CACs related to individual rezoning applications prior to being recommended to Council.

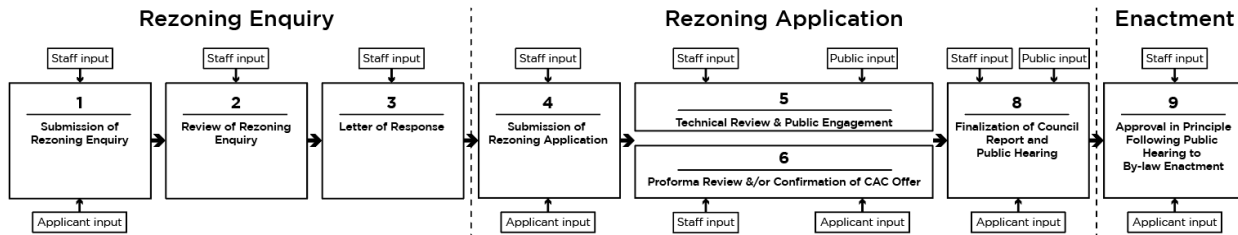
Council is the final deciding authority on any CAC offer when Council considers granting additional development rights (i.e. rezoning) initially by way of an approval in principle following a Public Hearing and then finally through Council's approval and enactment of the applicable rezoning by-law.

4.2 Rezoning Process and CACs

CAC determination is one of many parts in the rezoning application process. The [City's website](#) contains information on the rezoning process and procedures. Figure 1 summarizes the steps involved in determining the negotiated CAC in relation to the rezoning process.

Figure 1: Simplified Rezoning and CAC Process for Negotiated CACs

Figure 1 is a flow chart showing the overall CAC process and the time when CAC offerings are negotiated and confirmed.



4.2.1 Rezoning Enquiry

Prospective applicants with a development concept in mind are strongly encouraged to contact the City for advice on whether their idea is supportable under current City policies and guidelines. This typically starts with a phone call to the Rezoning Information Line (604-873-7038) or an email (rezoning@vancouver.ca). If the development concept is generally supportable, applicants may prepare preliminary architectural drawings for submission as a formal rezoning enquiry. Detailed submission requirements are available on the City’s website.

The rezoning enquiry process involves an interdepartmental review of planning policies and guidelines relevant to the site. It is at this stage that the City identifies its approach to the CAC determination for the site (i.e. CAC Target, negotiated CAC, or exempt). If the negotiated CAC approach applies, applicants will be required to submit additional documentation (see procedure 4.5) at the rezoning application stage.

The results of this review are summarized in a formal response to the applicant with the City’s advice on how to proceed. Applicants may submit a rezoning application after reviewing and addressing any concerns raised in the formal response to the Letter of Enquiry.

4.2.1.1 Senior Management Direction into In-kind CAC Allocation

Once a rezoning enquiry is received, staff will flag projects for possible in-kind amenity inclusion based on a test-fit analysis. Enquiry with supporting information is brought to a senior management committee consisting of cross-departmental service providers. Supporting information includes background on applicable public benefit strategy, area needs, existing amenities in the surrounding area, and departmental comments. Senior management makes decision on most appropriate in-kind amenity for the site (e.g. childcare, social housing, cultural facility). Staff work closely with the Enquirer to ensure there is awareness and agreement on the type/size/configuration/location of the proposed amenity within the form of development. General Manager of PDS sends Letter of Response to enquirer communicating preference for in-kind amenity. Applicant can submit rezoning application with desired in-kind amenity. Later in the rezoning process, senior management confirms acceptance of in-kind offering, followed by a rezoning report. If a rezoning application is submitted without previously going through the Enquiry process, a similar assessment and review would occur during the rezoning application process which could result in the need to amend the application drawings and supporting materials.

In-Kind Design & Technical Guidelines

The City prepares design and technical guidelines to help provide clarity to partners involved in developing in-kind amenities. The design and technical guidelines outline City standards for functional requirements, materials, finishes, equipment, and technical specifications. These guidelines are available on the City’s website found in the links below:

- [Artist Studio Guidelines](#) (revised guidelines to be published Q4 2020)

- [Childcare Design Guidelines](#)
- [Childcare Technical Guidelines](#)
- [Housing Design and Technical Guidelines for Social Housing](#)
- [Recreational Facility Technical Guidelines](#)
- [Reducing Barriers for Trans* & Gender Variant Community Members](#) (published via the Park Board)
- [Social Facility Technical Guidelines](#)
- [Urban Farming Design Guidelines](#)

4.2.2 Rezoning Application

For rezoning applications where a CAC Target applies, the applicant must submit confirmation of the CAC they will be offering as part of their application. This is calculated at the prevailing rate published in Appendix A of the CAC Policy.

For rezoning applications where a negotiated CAC applies, the applicant must submit confirmation of the initial CAC they will be offering as part of their application alongside additional documentation (see procedure 4.5). Rezoning applications will not be processed unless the additional documentation is provided and sufficient to allow the City to properly evaluate the applicant’s initial CAC offer. The additional documentation should be sent to the rezoning planner who acts as the main point of contact between the City and the applicant and will share the information with the City’s Real Estate Services division. In the event that the information is deficient in some way, the rezoning planner will request further information from the applicant and the negotiation process will not commence until this has been received. If staff is not prepared to recommend the initial CAC offer to Council they will work with the applicant to arrive at an offer that staff is prepared to recommend to Council for its consideration.

When staff and the applicant have reached agreement on a CAC offer that will be recommended to Council for its consideration, staff prepares a set of conditions prior to submitting a report to Council with a recommendation to refer the rezoning application to Public Hearing. If the rezoning application is then approved in principle by Council, the provision of or securing the provision or delivery of the CAC will be a condition of by-law enactment.

Enactment

If the rezoning application is approved in principle by Council following a Public Hearing, applicants must meet the conditions of by-law enactment in order for the rezoning by-law to be brought forward for Council’s consideration for enactment.

4.3 Calculation of CACs

The capacity for an applicant to make a CAC offer to offset the impacts of development and to provide for growth-related public benefits, is enabled through the increase in land value created by a rezoning (i.e. ‘land lift’). Increase in land value is determined by calculating the rezoned value of the land (based on the submitted scheme) and deducting the value of the land under existing zoning. The basic formula is as follows:

$$\begin{aligned} \text{REZONED LAND VALUE} - \text{EXISTING LAND VALUE} &= \text{LAND LIFT} \\ \text{LAND LIFT} \times \text{TARGET \%} &= \text{CAC} \end{aligned}$$

The City targets 75%¹ of the increase in land value as a CAC.

This basic calculation is further refined to determine CAC Targets and negotiated CACs as outlined in the following procedures.

4.4 Determining CAC Targets

Policy 1.2(a) specifies that the City will use CAC Targets, provided that the rezoning application meets specific locational and eligibility criteria. The CAC Targets are published in Appendix A of the CAC Policy and are applied on a per square foot basis to the net additional floor area in excess of the maximum permissible under current zoning. In circumstances where the total floor area is not being increased, but involves a conversion of use from industrial to commercial, or any non-residential use to residential, the CAC target is based on the converted floor area.

The City typically establishes CAC Targets during the creation of community plans using the following process:

1. The City reviews the rezoning policies being proposed as a part of the community plan to identify sites that are suitable for CAC Targets. These are typically sites that have similar forms of development under existing zoning and the proposed forms of development, urban design and pre-determined increases in density are similar.
2. A consultant is engaged to conduct localized economic testing based on applicable rezoning policies, development pro forma analyses of hypothetical development sites, and the City's CAC Policy and implementation procedures around CACs. The economic testing uses the standard CAC calculation method (see procedure 4.3) to produce preliminary recommended CAC Targets.
3. The City uses the preliminary recommended CAC Target to generate an aggregate estimate of CAC Targets that could help fund the amenities and infrastructure identified by City, community, and development stakeholders. The estimate forms a part of the financial strategy as outlined in procedure 2.1.
4. The preliminary recommended CAC Target may be fine-tuned by the City (with assistance from the consultant) to ensure that development is viable for all potential applicants within a CAC Target area.
5. The City may repeat the previous steps in order to refine the financial strategy, the PBS, and the CAC Target.

CAC Targets may be updated as part of a capital planning process or as needed; these types of updates follow a similar process as above. CAC Targets are also reviewed for inflationary adjustments on an annual basis based on the City's annual inflationary adjustment system. Details of this system may be found in this document and on the City's website.

4.5 Determining Negotiated CACs and Required Documents

Policy 1.2(b) specifies that the City will apply the negotiated CAC approach if the rezoning application does not meet specific locational and eligibility criteria for a CAC Target.

¹ Except for the addition of penthouse storeys being added in Southeast False Creek where 85% of the increase in land value is targeted as the CAC.

For sites that are subject to a negotiated CAC, applicants must confirm their initial CAC offer as part of the rezoning application. The valuation date of the CAC will be set at time of rezoning application, which will inform the proforma inputs. At the discretion of the Director of Planning, the valuation date may be adjusted where an updated proforma is to be submitted. Throughout the rezoning process, design modifications may require updates to an existing proforma (e.g. minor changes in height, density, floor area, efficiency, or altered City requirements). If there is a significant redesign of the project will require submission of a revised proforma (e.g. change of use, tenure, major additions of height, density, or floor area).

In order to evaluate if the applicant's initial CAC offer is acceptable, the City requires applicants to submit some additional documentation. The additional documents include;

- Development pro formas for the existing land value and the rezoned land value which support the initial CAC offer
- Supporting evidence for the assumed revenues used in the proformas
- An Elemental Cost Report (Class C estimate) issued by a certified Project Quantity Surveyor (PQS) or Royal Institute of Chartered Surveyors (RICS) Cost Professional

In addition to the above, the architect's plans which are submitted as part of the rezoning application must state the gross buildable area, the Floor Space Ratio (FSR) and the net saleable/rentable area. For residential uses the net saleable/rentable area includes in-suite storage.

Further information on the documents required as part of a rezoning application is provided below.

Development Pro Formas

The applicant is required to submit two development pro formas to support its initial CAC offer and these should use the following format:

- Residual land value of the site under existing zoning (existing land value)
- Residual land value of the site following rezoning (rezoned land value)

The difference between the rezoned land value and the existing land value is referred to as the 'land lift'. Land lift is an indication of project viability and the ability to contribute towards the identified public benefits.

In certain cases, it may be possible to use the **comparable method** to validate the existing land value. Generally the comparable method is applied in areas where transactions do not reflect any speculative or 'hope value' associated with an anticipated rezoning of the land. The existing land value should reflect the development rights under current zoning and applicable policy constraints (e.g. Rate of Change).

Purchase price is not necessarily equal to existing land value.

The **residual land value approach** uses the following formula:

$$\text{REVENUES} - \text{COSTS OF DEVELOPMENT} - \text{PROFIT} = \text{RESIDUAL LAND VALUE}$$

Revenues are based on estimated sales revenues or, when the subject is an income-producing project, the capitalized value of the project's net operating income. A sales commission can be deducted from the gross revenues to arrive at net revenues where appropriate.

Costs of development include four components: construction (hard) costs; indirect (soft) costs; marketing costs; and financing costs.

- Construction (hard) costs are costs involved in the physical construction of the proposed development. Hard cost estimates must exclude design contingencies and escalation allowances, but may include a small construction contingency. Hard costs must be supported by an Elemental Cost Report in the rezoned land value development proforma (see requirements for Elemental Cost Reports later in this section).
- Indirect (soft) costs are associated with delivering the proposed development including professional fees (e.g. architects; lawyers; consultants; project management), municipal costs, etc.
- Marketing costs are associated with the marketing of the proposed development in order to generate the estimated revenues.
- Financing costs are associated with funding the project through debt. Finance costs can be applied to holding costs² and construction costs. A detailed breakdown of financing assumptions must be provided, including loan-to-value ratios, interest rates, and term time.

The City acknowledges developer's profit of 15% based on total project costs, including land. Where in-kind amenities are being provided and conveyed to the City (e.g. social housing, childcare and artist studios), the cost of delivering these should be factored into the development proforma but the City does not acknowledge developer's profit on these amenities.

Residual land value is what is remaining after accounting for revenues, costs of development, and profit. The two development pro formas (i.e. residual land value under existing zoning and residual land value following rezoning) should follow the same methodology detailed above except in the case where it is appropriate to use the comparable method of valuation. The outputs of these development pro formas are used in the CAC calculation:

$$\begin{aligned} \text{REZONED LAND VALUE} - \text{EXISTING LAND VALUE} &= \text{LAND LIFT} \\ \text{LAND LIFT} \times \text{TARGET \%} &= \text{CAC} \end{aligned}$$

Supporting Evidence for Estimated Revenues

The estimated revenues must be reasonable, supported by valid comparables and reflect current market conditions based on the rezoning application date.

Elemental Cost Report

Construction hard costs must be supported by an elemental report which follows the standard Canadian Institute of Quantity Surveyors (CIQS) elemental cost estimate report format. A Class C estimate is required at the time of a Rezoning Application submission. The report must be prepared by a cost professional with cost estimating credential such as RICS, PQS or Gold Seal Certification (GSC). This can be prepared in-house or through a cost consulting firm. Together with the elemental cost report, a covering letter must state the name of the cost professional who prepares the report, signature, their professional seal, company name and contact information. Further supporting information must be provided if costs vary from industry average or comparable projects. Where on-site public benefits are

² The City calculates land finance costs assuming the appropriate construction time period plus an additional one year hold for the land from the date of by-law enactment. This is because the City tries to treat all applicants in a similar manner and not differentiate because of individual specific land purchase scenarios - for example, some land acquisitions are subject to rezoning, some are joint ventures, some have recently purchased land and others may have owned the land for many years. Some sites may have valuable income-producing improvements on and others may have no improvements.

included in the project which are to be conveyed to the City, the estimated costs of the public benefit must reflect City facility standards and clearly present the construction hard costs of the facilities in elemental format whether they are co-located or stand-alone.

The City has adopted the CIQS elemental cost estimate report format to standardize review processes and will not accept reports in other formats.

City's Review of Proforma Inputs

To validate the applicant's proforma inputs, the City uses established, third-party market information such as MLS data, Urban Analytics, RealNet, etc. When there is a difference of opinion on proforma inputs, the City will share and provide market data/ comparables used in the proforma review.

4.6 Use of Third-Party Professionals

In rare cases where the City and applicant cannot agree to certain development proforma inputs, the City, at its discretion, may choose to engage an independent third-party professional consultant to conduct a peer review. In this circumstance, the City will share the review with the applicant.

4.7 Dispute Resolution Process

In the event that the City and Applicant cannot mutually agree on a negotiated CAC settlement, the Dispute Resolution Process can be considered. To qualify for the Dispute Resolution Process:

- The applicant must submit a complete application and have demonstrated a significant effort to reach agreement on a CAC offer, in accordance with sections 4.2.2 and 4.5; and
- The dispute is impeding the referral of the rezoning application and/or staff have recommended to escalate.

Step 1

The CAC negotiation is referred by the property negotiator/ rezoning planner to the Director of Real Estate.

Step 2

The CAC negotiation is referred to the General Manager of Planning, Urban Design & Sustainability (GM PDS) by the Director of Real Estate. The Applicant will be required to make a written Dispute Resolution Process submission. The GM PDS will meet with both parties and review written submissions.

Step 3

The CAC outcome is concluded in a written final decision by GM PDS representing CAC offering that can be recommended to Council.

The Process is to be used infrequently and will focus on the CAC offering and not on individual components of proforma or ancillary rezoning application items like engineering conditions. Parties need to be aware that this additional process may slow down individual rezoning applications while this dispute is reviewed and ultimately resolved.

4.8 Heritage Density Transfer and CACs

The City of Vancouver has a range of tools to support conservation of heritage resources as part of its Heritage Conservation Program. One tool is the Transfer of Density Program which allows for transfer of

density from the Heritage Density Bank. Current policy allows an increase to the permitted floor area up to 10% through a development permit (approved by the Development Permit Board) on development sites located in certain zones generally in Downtown, West End and Central Broadway and apply to the following zoning districts: DD,C-3A, C5, C5A, C6, RM5, RM5A, RM5B, RM5C, and RM5D.

For rezoning applications involving a CAC negotiation, a 10% heritage density transfer may be reflected in the existing land value in the pro forma (i.e. base zoning at 3.3 / 5.5/ 6.6 FSR in the Downtown District zone) provided that the rezoning condition(s) for enactment include the provision for the 10% heritage density transfer from the Density Bank, or an equivalent dollar amount of density be allocated to the Heritage Conservation Reserve at the prevailing value established in the amenity share schedule (Schedule G of the Zoning and Development By-Law).

5.0 Deferred Payment of Cash CACs

Policy 5.1(a) enables the possibility, in the City's sole discretion of a deferral of a portion of cash CACs which exceed \$20 million or 20% of the cash CAC amount. The Director of Planning may recommend modifications to the parameters of the Deferred Payment, subject to the review of the City's Risk Management Committee, and ultimate approval by Council. This section describes how the deferral policy will be administered.

5.1 Process

1. Rezoning applications for which policy 5.1(a) is applicable will be reviewed by the City's Risk Management Committee as part of the CAC confirmation process.
2. Applicants will be required to provide financial security to the City for any portion of the cash CAC being deferred of a nature, type, and on terms and conditions satisfactory to the City in its sole discretion.
3. The decision on what, if any, portion of the cash CAC in excess of the greater of the first \$20 million or 20% of cash CAC amount may be deferred will be communicated to the applicant during the rezoning application process before the City prepares the conditions of by-law enactment.
4. Once the rezoning application has been approved in principle by Council following a Public Hearing, the applicant will provide the securities to the City before the enactment of the rezoning.
5. The Director of Planning may impose other terms and conditions as may be appropriate, subject to review by the City's Risk Management Committee.

5.2 Acceptable Types of Security and Timing of Payment

The City may accept the following types of securities as shown in Table 1 (shown in order of priority), subject to meeting their respective policies.

Table 1: Acceptable Securities for Deferred Cash CAC Amounts

Timing of Payment	Cash CAC Value ≤ \$20 Million		Cash CAC Value > \$20 Million ³	
	Payment/Form of Security	% of Total Cash CAC Value	Payment/Form of Security	% of Total Cash CAC Value
Payable prior to enactment	Cash payment	100%	Cash payment	Greater of \$20 million or 20% of the total cash CAC amount
Deferred Payment – Earlier of 24 months from the enactment date or prior to first Building Permit issuance	N/A	N/A	Letters of Credit	Up to 100% of the balance of the cash CAC over and above the cash payment received (at City’s sole discretion)
			Surety Bond	Remainder of total deferred cash CAC not secured by a letter of credit as required by the City in its discretion, up to a maximum of 50% of the amount of the approved deferred CAC

More information on the City’s policies on different types of securities may be found below:

- Letters of Credit: <https://policy.vancouver.ca/AF00202.pdf>
- Surety Bond: TBD

Any other type of security is not acceptable.

5.3 Security Draw

The City will draw on the securities if payment is not received within the timeframe specified above. Applicants have the option to pay the City through bank wire transfer in lieu of the City drawing on any Letters of Credit and the City’s default demand on any surety bond.

5.4 Deferral Cost

The deferred cash CAC amount (as approved by the City’s Risk Management Committee) will incur a deferral cost that starts to accrue from the enactment date until the City receives and collects 100% of the total cash CAC amount.

³ Letters of Credit or a Surety Bond must be provided for the full amount of any deferral of a cash CAC.

The City will collect the deferral cost by bank wire transfer at the end of each calendar quarter end date (i.e. March 31; June 30; September 30; and December 31) or on the next business day if the calendar quarter end date in any year is not a business day.

The deferral cost will be equal to:

- The prime-rate published by the Bank of Montreal plus 3.0% multiplied by;
- The outstanding deferred cash CAC balance, multiplied by;
- The number of days outstanding and divided by the number of days in a calendar year.

5.5 Multi-Phase Developments

The terms and conditions for deferral will apply to each development phase.

6.0 Receipt and Expenditure of Cash CACs

Cash CACs are required to be paid by bank draft, wire transfer, or certified cheque made payable to the City of Vancouver and must be delivered to the City's Legal Services department to the attention of the solicitor assigned to the rezoning application. All cash CACs must be paid prior to rezoning enactment at least 8 days prior to the rezoning by-law being brought forward to Council for consideration and enactment unless otherwise allowed under policy 5.1(a) and procedure 5.0, or by agreement with the City solicitor assigned to the rezoning application in exceptional circumstances.

Cash CACs received by the City are deposited into dedicated interest-bearing reserves. The reserves are assigned to be spent either (1) in specific areas of the city as part of the implementation of a community plan; or (2) on specific public benefit categories to be delivered across the city.

All expenditures from these reserves must be authorized by Council as part of the capital planning and annual budget processes. City staff consider the following in preparing recommendations for expenditures from these reserves:

- Expenditures originating from any rezoning approval must be consistent with the CACs approved in principle by Council at Public Hearing;
- Expenditures should be aligned with how the City determines CACs under policy 2.1 if Council did not allocate cash CACs toward a specific project; and
- Expenditures should be aligned with the uses eligible for consideration as CACs under policies 2.2 to 2.6 if Council did not allocate cash CACs toward a specific project.

7.0 Annual Inflationary Adjustments of CAC Targets

Policy 7.1 is a provision that aims to protect the City's purchasing power through annual inflationary adjustments. The City uses a proprietary annual inflationary adjustment system that was initially adopted for DCLs in October 2009 and implemented across all DCL districts in 2010. Since then, Vancouver's development contribution system has expanded to include new tools that improve certainty and transparency. These tools included CAC Targets and density bonus zoning contributions and were introduced as new area plans were approved by Council. This eventually led to the expansion of the annual inflationary rate adjustment system in May 2016 to include CAC Targets and density bonus contributions.

The City's annual inflationary adjustment system consists of two components. The first component is an index calculation based on year-over-year changes in property value (BC Assessment property roll) and a non-residential construction price index (Statistics Canada Non-Residential Construction Price Index). These inputs are blended together to reflect the City's current Capital Plan program for anticipated investment into land acquisition and construction activity. The formula for 2019-2022 is as follows:

$$\text{ANNUAL INFLATION ADJUSTMENT} = (\text{ANNUAL CONSTRUCTION INFLATION} \times 0.83) + (\text{ANNUAL PROPERTY VALUE INFLATION} \times 0.17)$$

The second component of the annual inflationary adjustment system is a check on the index calculation through a review of local economic indicators to ensure that rates do not get ahead of inflationary trends.

More information on this system may be found on the City's website.

7.1 In-stream rate protection of CAC Targets

Policy 7.3 states that rezoning applications that have been submitted prior to the rate adjustment will be provided in-stream rate protection. These rezoning applications must have paid the rezoning fee and all required documents have been submitted to the rezoning planner,

8.0 Transparency

The City provides transparency into the receipt and expenditure of CACs through the following resources and tools:

- [Community Benefits from Development](#) – An introductory document that summarizes the role of CACs and other development contributions;
- [Map of In-kind CACs](#) – A map that shows the location and the in-kind CAC secured at the time of rezoning for future delivery.
- [Annual reporting on CACs and Density Bonus Zoning Contributions](#) – A series of reports/memorandums to Council that summarizes activity from the previous calendar year, including information on approvals of additional density, the amount of cash CACs and Density Bonus Zoning Contributions collected by the City, and cash and in-kind CACs that have been secured for delivery in the future. These annual reports are made available to the public on the City’s website.
- Public Benefits Implementation Tracking – A set of trackers that monitor the implementation of community plans, including information on population growth, development activity, and public benefits that have been completed or are currently under construction. These may be found in the appendices of rezoning reports.

9.0 Developer Recognition of In-kind Amenities

To recognize the contributions that are made by the development industry towards public benefits, there is the option to provide signage around the in-kind offering (note this program also applies to in-kind amenities secured through a density bonus). This includes temporary signs during the construction phase and plaques during post-completion phase, where the signage includes a description of the in-kind amenity along with the logo of the developer, the City, and any non-profit partners involved.

This signage is optional, with all costs (developing, installing, maintaining) being the responsibility of the developer. A template of both the temporary sign and plaque will be provided by the Director of Facilities, who will also approve the location and installation of the signs. A separate agreement will be signed prior to rezoning enactment that will outline further details (for in-kind density bonusing the agreement is signed prior to Development Permit issuance).

Note that an applicant may choose to install either the temporary sign or the plaque, or both. Also note that the logo used on the signage is limited to the developer(s) and does not include consultants or contractors.

If the developer is interested in installing either of these signs, it is encouraged that this is communicated to the City staff prior to rezoning/development permit approval. After approval and the agreement is signed, the Facilities team will work with the developer and provide guidance on the sign installation.

9.1 Temporary Signs

For the temporary sign, the signage will be similar to a Rezoning Application sign in terms of the size (approximately 8' X 4') and location (construction hoarding/fencing). The temporary sign is meant to be displayed during construction, therefore installation will occur after the Building Permit is issued and taken down when the construction hoarding/fencing is removed.

Figure 2: Example of temporary sign template

The image shows a template for a temporary sign. At the top right, it says "Draft January 27C". The main heading reads "COMING SOON: NEW COMMUNITY CENTRE, AFFORDABLE HOUSING AND CHILDCARE CENTRE". Below this is a photograph of a modern multi-story building with a red brick facade and a glass entrance. To the right of the photo, the text reads "0000 Street Name" and "In exchange for development rights, Ellicott Development is providing a Community Amenity Contribution at this site to enable the City of Vancouver, in partnership with the YWCA, to deliver:". Below this is a bulleted list: "• A new community centre", "• Affordable rental and co-op homes", "• 188 one, two or three-bedroom apartments", "• 32 three-bedroom townhouses", and "• A 37-space childcare centre". To the right of the list is a green box with white text: "These contributions play an important role in the following City strategies to provide a strong foundation for the future of Vancouver." followed by two bullet points: "• Housing Vancouver, the City's 10-year housing strategy to create 72,000 new homes and improve housing affordability" and "• Healthy City Strategy, which supports equitable access to community amenities and quality childcare". At the bottom left is the Ellicott Development logo, in the center is the City of Vancouver logo, and at the bottom right is a QR code. Text next to the QR code says "For more information: vancouver.ca or phone 3-1-1".

9.2 Plaques

For the plaque, the size will approximately be 1.5' X 1.5'. The location is generally meant to be on the exterior of the building near the main entrance, however an alternative location may be approved by the Director of Facilities, along with the materials of the plaque. The plaque will be installed prior to the Occupancy Permit to the satisfaction of the Director of Facilities.

Figure 3: Example of plaque template

