



## ADMINISTRATIVE REPORT

Report Date: May 18, 2016  
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Meeting Date: May 31, 2016

TO: Vancouver City Council  
FROM: Acting General Manager of Planning and Development Services  
SUBJECT: 2015 Annual Report on Community Amenity Contributions and Density Bonusing

### *RECOMMENDATION*

THAT Council receive the "2015 Annual Report on Community Amenity Contributions and Density Bonusing" for information.

### *REPORT SUMMARY*

This report provides information on approved Community Amenity Contributions (CACs) and Density Bonusing for 2015 in the City of Vancouver.

Every year, the City approves development projects which contribute to growth in the city, placing pressure on the broad array of public amenities which impact the liveability of our city, the health of our residents, and the needs of individuals and families who come to our city to live, work and contribute to our economy. The main mechanism for approving additional density beyond what is currently permitted under zoning bylaws is site specific rezoning, initiated by the property owner. In 2015, there were 42 approvals of additional density resulting in a net increase in floor area of 2.4 million square feet. See Appendix A for a complete list of all applications in which additional density was approved in 2015.

The 2015 approvals of additional density will secure public benefits valued at approximately \$103 million, plus almost 1,200 units of secured market rental not included in the valuation. Two-thirds of these public benefits (\$62 million) were attributed to five large rezoning approvals.

Allocation of public benefits addresses the anticipated city facility and infrastructure needs for delivering services and programs to support added density and associated population growth and economic activity. These allocations reflect Council priorities and Council approved guidelines for determining public benefits.

**Table 1: 2015 Public Benefit Contributions by Category**

<b>Public Benefit Category</b>	<b>Contribution Value (\$Millions)</b>
Affordable Housing (city-owned)	\$57M (not including 1,192 market-owned, secured market rental units)
Child Care Facilities	\$19M
Heritage (i.e., on-site preservation & purchase of density)	\$10M
Community Facilities (e.g., libraries, community/seniors centres, family places, cultural facilities, etc.)	\$9M
Parks and Open Spaces (incl. Public Art)	\$6M
Not yet allocated	\$1M
<b>Total:</b>	<b>\$103M</b>

Source: City of Vancouver

Affordable Housing was the largest recipient of public benefit contributions accounting for \$57 million in public benefit value. This includes 102 in-kind social housing units, plus pay-in-lieu to the City's Affordable Housing Reserve. The valuation does not include a further 1,192 units of secured market-owned rental housing approved in 2015.

Approximately 35% of public benefit value was offered as in-kind contributions, meaning that they will be delivered on-site as part of the new developments. The remaining 65% was offered as cash-in-lieu contributions, meaning that these funds when received at enactment are then allocated to specific projects by Council through the capital planning and budgeting processes.

Approvals of additional density occur infrequently. The 42 approvals of additional density in 2015 represent only 2.6% of overall building permits issued in 2015. The vast majority of new development is approved within existing zoning.

To show the alignment between the City's policy plans and the density approvals identified in this report, this year's Annual Report includes a new summary of approvals by plan area or policy (see Table 5 for summary, details are in Appendix A).

As noted above, CACs address the demands for various public amenities associated with growth of our city. Over the past 6 years (2010-2015), Council has committed

approximately \$671 million in CACs and Density Bonusing towards public benefits. The majority of these commitments have been towards Affordable Housing (43%), followed by Community Facilities (17%) and Heritage (15%).

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

- A Healthy City for All: Healthy City Strategy 2014-2025 - Phase I (2014)
- Culture Plan: Strategic Directions for the Next Five Years (2013)
- Housing and Homelessness Strategy 2012-2021 (2012)
- Transportation 2040 (2012)
- Secured Market Rental Housing Policy (2012) (which replaces Short Term Incentives for Rental (STIR) program (2009)
- Community Amenity Contributions through Rezoning (2006)
- City-wide Financing Growth Policy (2003)
- Heritage Building Rehabilitation Program Policies and Procedures (2003, amended 2005)
- General Policy for Higher Buildings (1997, amended 2011)
- Public Art Policies and Guidelines (1994, updated 2008)
- Transfer of Density Policy and Procedure (1993, last amended 2010)
- Heritage Policies and Guidelines (1989, last amended 2002)
- Economic Action Strategy (2011)

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

This report, along with the *Annual Report on Development Cost Levies (DCLs)*, provides an opportunity to report to Council and the public on the wide range of public benefits and amenities achieved through DCLs and CACs generated from new development in the city. It also provides an opportunity for us to articulate the clear alignment between current planning approvals, their associated contributions toward public benefits and the linkage with local community plans, the 10-year Capital Strategic Outlook, 4-year Capital Plan, and annual budgets, all of which reflect Council and community priorities. The two reports also describe and explain the City's financing growth strategies, and how they fit within the City's capital planning framework.

In 2014, new provincial guidelines for Community Amenity Contributions (CACs) were provided to local governments. In light of the new CAC guidelines, the City's existing and emerging CAC policies and practices were reviewed. On an overall basis, the review found the City's approach to CACs is generally consistent with the best practices recommended in the guide. As a companion to this report, a report entitled "City-wide CAC Policy Update" is also being presented. The City-wide CAC Policy report recommends that an annual inflationary rate adjustment system be applied to CAC targets and density bonus contributions, as well as other administrative updates. The Provincial CAC guidelines recommend the increased use of CAC targets and density bonusing.

One area of particular concern raised by the provincial guidelines is the potential that CACs negatively impact housing affordability by reducing housing supply and increasing housing prices. The City commissioned an independent assessment of whether CACs negatively impact

housing affordability in Vancouver. Coriolis Consulting found that there is no evidence CACs are causing housing prices to rise and impacting affordability in Vancouver. Based on the development activity trends in the City, the report found that CACs have had no direct impact on new housing supply or pace of new housing development. The consultant found that, to the contrary, CACs have contributed towards a substantial increase in the City's capacity to absorb new apartment development and, in some cases, enable the creation of affordable housing units that would not otherwise have been built. The study also found no difference in new housing unit prices when comparing projects that provided a CAC and those that did not. Coriolis' report concludes that it is much more likely that multiple market factors rather than the City's CAC policy have caused the rising housing prices in Vancouver. The Coriolis report is found on the City's website at: <http://vancouver.ca/financegrowth>.

## **REPORT**

### ***Background/Context***

Vancouver has a long history of managing growth strategically with careful attention to ensuring our city is sustainable, liveable and a place where our residents can enjoy a comprehensive array of public amenities essential to a healthy community, and a robust and growing economy. Public benefits from new development contribute significantly to the sustainability and liveability of Vancouver. They include facilities and infrastructure encompassing parks, community centres, libraries, cultural facilities, childcare facilities, heritage conservation, affordable housing, public realm improvements, and public safety facilities.

Rezoning is the primary tool for creating additional density. In addition, density bonusing allows additional density to be approved in exchange for specified public benefits within existing zoning. Additional density generates new demands for services and facilities. In order to address these growth-related needs, the City has developed rezoning policies that seek voluntary CAC from most rezonings to help address these needs.

Public amenities provided for our businesses and residents are funded through the following sources:

- **Property Tax and Utility Fees:** The City's property tax and utility fees are the main funding sources for public amenities, which include debenture and pay-as-you-go. Through the Capital Plan, Council prioritizes the City's needs for maintaining, improving and adding public facilities and utility infrastructure.
- **Development Cost Levies (DCLs):** DCLs are charged on all new development. They are applied on a per square foot basis and are payable at Building Permit issuance. DCL allocations to public benefits are limited by the Vancouver Charter for use only towards growth-related capital projects including parks, childcare, affordable replacement housing, and engineering infrastructure.
- **Community Amenity Contributions (CACs):** CACs are voluntary contributions toward public benefits provided by new development as part of rezoning approvals. CACs are offered by developers as in-kind facilities delivered with new development or as cash

contributions and are payable at enactment of new zoning. CAC allocations can be applied toward a wider range of public benefits than DCLs.

- **Density Bonusing:** Density Bonus Zoning is a zoning tool that permits developers to build additional floor space in exchange for a range of amenities and/or affordable housing needed by the community. Density bonus zones allow for outright density (or base density) with no density bonus contribution, as well as a maximum density (or bonus density) which requires a contribution towards amenities and/or affordable housing. Financial contributions are determined by the density bonus contribution rate set out in the zoning bylaw.
- **Partnership Funding:** Contributions from senior governments and other strategic partners.
- **Development Conditions:** Contributions secured through conditions of development approval, such as engineering site servicing and public art.

See Appendix C for more details on development related funding tools for public benefits.

Improved documentation of additional density approvals and public benefits support the City's objective of providing more open and transparent civic government. In late 2010, a new standardized format was developed to record public benefits in all Council reports relating to rezoning. In addition, new community plans include public benefit strategy's to align area-based public benefit allocations with capital planning and budgeting.

There are a number of advantages to providing a comprehensive picture of public benefits from new development. Residents and community groups have expressed an interest in better understanding how new development contributes towards public benefits, especially from rezoning. This report also responds to industry stakeholders' request for better reporting on the benefits contributed by the development community. Clarity in public benefit needs identified through local community plans or city-wide strategic plans (e.g. Transportation 2040 Plan and the Housing and Homelessness Strategy) help ensure contributions reflect identified needs and align with the City's long-term capital and financial plans.

### ***Strategic Analysis***

This annual report is a summary of public benefit contributions arising from approvals of additional density in 2015. These benefits are typically secured at rezoning enactment, or when a project is completed and the in-kind benefit is delivered. Not all public benefits are under City ownership. For example, rental housing secured under the Secured Market Rental Housing Program, heritage restoration, and public art remain as private assets with public value.

Those public benefits under City ownership are reflected in the City's financial statement when they are delivered and transferred to City ownership.

### **1) Approach and Methods for the Annual Report**

The main approach and methods for this annual report are as follows:

### *Approvals and Time Frame*

- This report addresses all additional density approvals from January 1, 2015 to December 31, 2015. To identify the public benefits secured from additional density, all rezoning approvals involving additional floor area, and all development applications where bonusing was used to allow additional floor area were reviewed.
- Rezoning metrics are based on development approvals at Public Hearing, while density bonus records are based on development approvals by the Development Permit Board. These approvals are all contained in publicly accessible reports available on the City's website ([www.vancouver.ca](http://www.vancouver.ca)).

### *Public Benefit Valuation*

- Public benefits from new developments with additional density approvals are generally reported by type (e.g. housing, heritage, community facilities, etc.) and the estimated dollar value as documented in the rezoning reports that proceed to Council. However, for affordable market rental housing, where the amenity is not owned by the City, the projects are quantified and reported by the number and type of housing units only.
- Bonus density for *heritage conservation* is the amount of additional density that equals the cost of conserving the heritage building. In this report, only bonus density that is actually accommodated on-site (i.e. where the heritage building is located), or bonus density that is transferred to another site are included. Bonus density placed in the 'transferable heritage density inventory' ('density bank') is not included but is tracked and reported separately on a periodic basis to Council. See Appendix C for more details on the heritage transfer of density system or see the [Transfer of Density Program web page](#).
- Public art contributions associated with approvals of additional density (rezonings) are included as a public benefit. These contributions are calculated on a per square foot basis and applied to large rezoning applications. For more information, see the updated policy framework for the City's [Public Art Program](#).

The absolute value of public benefit contributions in the annual report fluctuates significantly year-over-year due to the cyclical nature of development. The value varies depending on the number and scope of individual rezoning applications and the corresponding incremental density approvals. In particular, approval of major project rezonings has a significant impact on both the amount of density and the value of public benefits contributed in a single calendar year. Due to the scale of these major projects, the public benefits secured are often provided on-site while the delivery of amenities is usually phased over many years of site redevelopment.

## **2) Analysis of 2015 Public Benefit Contributions**

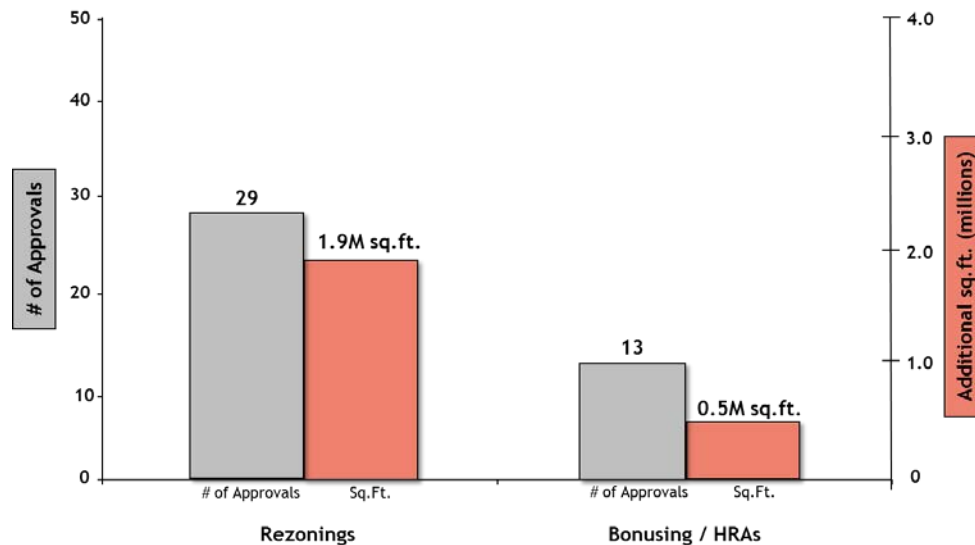
In 2015, there were 42 project approvals resulting in 2.4 million sq.ft. of additional density (see Appendix A for project details).

Compared to overall development activity, approvals of additional density occur infrequently. In 2015, there were approximately 1,600 building permits for new construction issued within

existing zoning (building permit activity in 2015 was a record year). The 42 approvals of additional density (rezoning/bonusing) represent only 2.6% of this number. The vast majority of development in the city occurs within existing zoning (i.e. conforms to density, land use and design of existing zoning regulations). However, while the number of projects adding density to the City is relatively small, their impact on growth can be significant.

As shown in Chart 1, rezonings accounted for nearly 70% of additional density approvals and about 80% of the additional sq. ft. approved in 2015. See Appendix C for a detailed description of approval mechanisms for additional density.

**Chart 1: Approval Mechanisms and Additional Sq.Ft. (2015)**



Source: City of Vancouver rezoning and development permit board approvals (2015)

In 2015, there were 42 approvals of additional density resulting in secured public benefits totalling \$103 million.

**Table 2: Comparison of Public Benefits Secured (2010 to 2015)**

Year	# of Approvals	Additional Density (millions sq.ft.)	Total Value of Public Benefits Secured (\$ millions)	Additional Secured Market Rental Housing (units)
2015	42	2.4	\$103	1,192
2014	50	6.5	\$234*	1,073
2013	45	2.6	\$133	909
2012	44	2.4	\$68	1,031
2011	36	4.2	\$180*	602
2010	23	2.2	\$27	106
<b>Annual Average</b>	<b>40</b>	<b>3.4</b>	<b>\$124</b>	<b>819</b>

\* Both 2014 (Oakridge Centre) and 2011 (Arbutus Centre) had major project rezoning approvals resulting in large public benefit contributions.

Source: City of Vancouver rezoning and development permit board approvals (2010-2015)

The year-over-year fluctuation and project-to-project variation of public benefits provided are due to the variable scope of rezonings (or bonusing). Projects differ based on existing land use, proposed uses, density and heights, and other factors which influence the nature and amount of public benefits needed and offered.

In any given year, a major project rezoning approval can take place. Major projects are unique in that they are typically large, phased developments taking 10 or 15 years to build out, and involving significant public benefit contributions.

As experienced in previous years, the majority of additional floor area and contributions secured originated from a small group of rezoning approvals. In 2015, five large project approvals combined to account for 65% of all public benefit contributions secured (see Table 3).

**Table 3: Large Project Approvals in 2015**

Project Name	Additional Density Approved (sq.ft.)	Value of Contribution (\$ millions)	Plan Area	Public Benefits
445 SW Marine (Marine Gardens)	360,000	\$21	Marpole Plan	37-space childcare centre, childcare facility reserve fund, contribution towards affordable housing, heritage amenity, public art
1335 Howe St	170,000	\$20	Downtown South	Property transfer to City, 109 secured market rental units, contribution towards childcare, heritage amenity; public art
1837 Main St	85,000	\$7	Mount Pleasant	30 social housing units, cultural amenity space, facility reserve fund, public art
26 E 1st Ave	52,000	\$7	Southeast False Creek	Contributions towards childcare, affordable and housing, heritage amenity, public art
375 W 59th Ave	120,000	\$7	Marpole Plan	Contributions towards affordable housing, childcare and community facilities, heritage amenity, public art
<b>Total</b>	<b>787,000</b>	<b>\$62</b>		

Note: Values do not include secured market rental housing units  
 Source: City of Vancouver rezoning and development permit board approvals (2015)

From the \$103 million secured in 2015, Council committed \$101 million or 98% of the overall contributions towards specific public benefits. Approximately 35% of the committed value represents in-kind contributions, meaning that they will be provided on-site as part of new developments. The remainder was offered as cash contributions, meaning that these funds have been committed to specific public benefit categories by Council and priority projects will be brought forward through capital planning and budgeting processes.

Chart 2 indicates the value of contributions that were secured by Council and committed to specific public benefit categories (contributions not yet committed were removed).



**Chart 2: Breakdown of the Value of 2015 Secured Contributions Allocated by Public Benefit Category**

Total = \$101M allocated towards Public Benefits (98% of total)

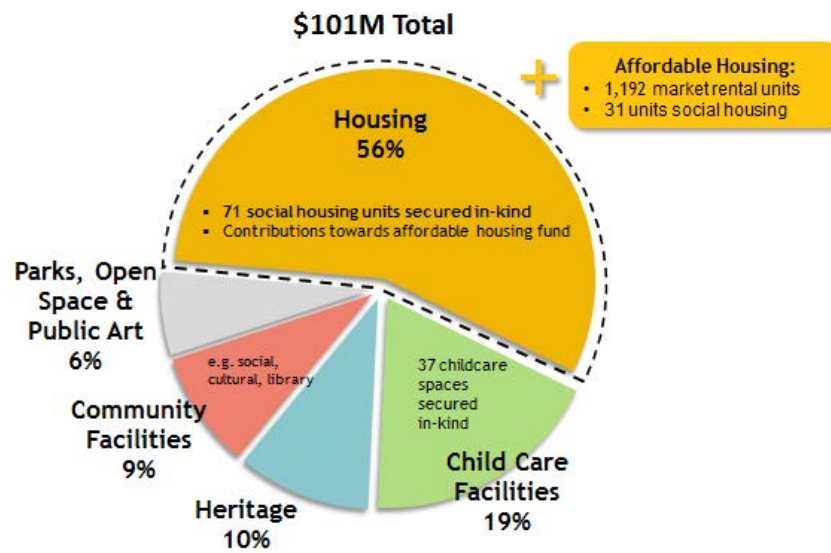


Chart excludes \$1.2M in contributions not yet allocated

Chart 2 shows that:

- **Affordable Housing (City-owned)** accounted for 56% of public benefit value (\$57 million), the highest among all public benefit categories. Included in that contribution were 71 units of social housing secured in-kind.

In addition to, but not included in the \$57 million, were i) 1,192 units of secured market rental housing - secured for the life of the building as rental but owned and operated by private owners, and ii) 31 units of social housing in a 100% not-for-profit project that does not include a public benefit valuation.

Table 4 details the affordable housing commitments in 2015. Social housing units typically originate from two types of projects: mixed market/social housing projects, and 100% social housing projects. The mixed market/social housing projects were at: 1837 Main (30 units); 1177 Jervis (27 units); and 311 East 6th (14 units). The 100% social housing project was at 3090 East 54th (31 units in a 100% not-for-profit project). A rezoning at 1754 Pendrell secured 26 units of secured market rental housing with rents at 20% below market. At a rezoning at 1335 Howe, land for future social housing units was secured for the City as an in-kind public benefit. There were also a number of cash-in-lieu contributions towards the Affordable Housing Reserve, originating from rezoning in Cambie Corridor, Marpole, Little Mountain Adjacent Area and Southeast False Creek.

This reflects Council's priority to increase housing supply for low and modest income households, and to increase the supply of secured rental accommodation.

**Table 4: Summary of Affordable Housing Secured Contributions (2015)**

	<b># In-Kind Social Housing Units</b>	<b># Secured Market Rental Units</b>	<b>Value of Contribution (\$ millions)</b>
Social Housing Units secured for City ownership	57	--	\$11
Social Housing Units secured for non-City ownership	14	26	\$4
Land Transfer for Social Housing	--	--	\$13
Cash-in-lieu contributions to the City	--	--	\$29
<b>Subtotal</b>	<b>71</b>	<b>26</b>	<b>\$57</b>
Additional Housing Units secured but excluded from the overall value calculation	31	1,166	--
<b>Total</b>	<b>102</b>	<b>1,192</b>	<b>\$57</b>

Source: City of Vancouver

- **Childcare Facilities** accounted for 19% of overall public benefit value (\$19 million), the second highest among all public benefit categories. An in-kind 37-space childcare facility was secured through a rezoning approval at 445 SW Marine and a number of cash-in-lieu contributions towards childcare facilities were secured from rezonings throughout the City, including a \$5.2 million contribution towards a future childcare facility in Southeast False Creek.
- **Heritage** through on-site preservation accounted for 10% of overall public benefit value (\$10 million). Nearly half all 2015 approvals included an element of heritage as a public benefit. Approximately \$0.3 million in value was secured for on-site heritage preservation, and \$10 million of density value was transferred to various development sites from the Heritage Density Bank.
- **Community Facilities** accounted for 9% of overall public benefit value (\$9 million). All commitments made towards social/community facilities were cash-in-lieu contributions originating mostly from Cambie Corridor and Marpole rezonings.
- **Parks, Open Space and Public Art** accounted for 6% of overall public benefit value (\$6 million). Cash-in-lieu contributions were committed towards a new Fraser River Park, local park improvements on the Cambie Corridor, and playground improvements for Centennial Park. In addition, there were 9 public art contributions totaling \$3.6 million.

In 2009, Council decided to temporarily delay the creation of new transferable heritage density and opted to draw down the inventory of 'banked' transferable density. In September 2013, Council approved a number of actions to further reduce the balance in the heritage amenity bank in order to maintain its viability as a

heritage conservation tool. In 2015 applications for density transfers of approximately 160,000 sq. ft. were approved, reducing the heritage bank balance was down to 650,000 sq. ft. at the end of 2015. See Appendix C for the heritage transfer of density system detail or the [Transfer of Density Program](#) web page.

Chart 2 does not include \$1.2 million in cash-in-lieu contributions that were generated from Marpole rezonings, but have not been committed to specific public benefit categories within that plan area (represents 1% of the overall \$103 million total value for 2015). All uncommitted funds received by the City are set aside in a CAC reserve, and these funds can only be allocated by Council as part of capital planning and budgeting processes and in accordance with approved public benefit strategies.

To show the alignment between the City's policy plans and the additional density approvals, Table 5 below presents a summary of project approvals in 2015 by plan area or policy. The Marpole and Cambie Corridor Plans accounted for the largest number of approvals, additional density and public benefit value. For a detailed list of approvals by Plan Area/Policy, refer to Appendix A.

**Table 5: 2015 Approvals, Additional Density & Public Benefit Value by Plan Area/Policy**

<b>Plan Area/Policy</b>	<b># of Approvals</b>	<b>Additional Density (sq.ft.)</b>	<b>Public Benefit Contribution Value (\$millions)</b>
Marpole Community Plan	7	614,953	\$34
Cambie Corridor Plan	8	418,156	\$20
Downtown South	1	170,937	\$20
Mount Pleasant Community Plan	3	197,841	\$10
West End Community Plan	6	474,999	\$7
Southeast False Creek	1	52,942	\$7
Metropolitan Core Jobs & Economy Plan	1	208,793	\$3
Little Mountain Adjacent Area Plan	3	86,123	\$2
Rental 100 Projects (outside plan areas)	7	115,488	\$0
Approvals Outside Plan Areas	5	60,862	\$0
<b>Total</b>	<b>42</b>	<b>2,398,974</b>	<b>\$103</b>

Source: City of Vancouver

### ***Secured Market Rental Housing***

On May 15, 2012 Council approved the [Secured Market Rental Housing Policy](#) which replaced the STIR pilot program. The new policy and related amendments to the DCL by-laws are aimed at providing incentives for projects where 100% of the residential development is rental. When approved under the Secured Market Rental Housing Policy, the program offers a number of incentives, where applicable, for developers. These incentives may include: DCL waiver on rental units; parking reductions; expedited processing; rental property assessment; and, bonus density

There were 14 approvals of secured market rental housing in 2015, which will generate 1,192 market rental housing units. A majority of the market rental projects shown in Table 6 were approved as rezonings with additional density. A smaller number were approved through bonusing within existing zoning. These rental units were secured as rental for the life of the building or 60 years, whichever is greater..

New rental housing represents an important public benefit and aligns with the City’s priorities to address homelessness and affordable housing, building safe and inclusive communities, and improving environmental sustainability.

**Table 6: Secured Market Rental Housing Units Approved in 2015**

<b>Address</b>	<b># of Units</b>
275 Kingsway	202
1754 Pendrell St*	178
1668 Davie St	158
1335 Howe St	109
1188 BIDWELL ST	108
1600 W 6th Ave	99
3063 W Broadway	70
408 W King Edward Ave	56
450 Gore Avenue	56
5648 Victoria Dr	48
698 E 64th Ave	37
2312 Galt St	28
3819 Boundary Rd	23
1529 Comox St	13
<b>TOTAL UNITS</b>	<b>1,192</b>

Source: City of Vancouver

\* Included in this total were 26 units of secured market rental housing with rents to be set at 20% below market.

### Summary of Public Benefit Allocations: 2010-2015

Since 2010 when the City began tracking and reporting public benefit contributions from approvals of additional density, Council has committed approximately \$671 million to the following public benefit categories (excludes \$72 million in contributions that were not committed at the time of Council approval):

- 43% towards city-owned Affordable Housing (plus 4,900 privately-owned, secured market rental housing units, and 951 secured social housing units that are largely not city-owned);
- 17% towards Community Facilities (recreation, social, cultural, library);
- 15% towards Heritage (on-site preservation, transfers of heritage density);
- 13% towards Parks and Open Space (including Public Art);
- 9% towards Childcare; and,
- 3% towards Transportation.

Note that some of these public benefit categories also receive DCL funding and capital improvements through rezoning conditions. Appendix B provides a map showing the location of rezonings that secured in-kind public benefits between 2010 and 2015.

### ***Implications/Related Issues/Risk***

#### ***Financial***

***Development Contributions for Growth-related Public Benefits*** - Development contributions through DCLs, voluntary CACs, inclusionary zoning and density bonusing play a significant role in enabling public benefits to address growth. They help advance key Council and community priorities, and relieve what would otherwise fall entirely onto property taxes and other City funding.

The 2015-2018 Capital Plan contemplates \$1.1 billion of strategic investments in infrastructure, facilities and other public benefits to support the growing economy, incorporating Council and community priorities embedded in various Community Plans and associated public benefit strategies. It is anticipated that ~\$303 million of DCLs and voluntary cash CACs would be allocated to help fund the Capital Plan, which translates to ~28% of the total plan. (Note: Public benefits achieved through in-kind CACs, inclusionary zoning and density bonusing are not included in the Capital Plan.)

***Secured Public Benefits*** - Between 2010 and 2015, the City secured public benefits through additional density totalling \$671 million (in-kind and cash) plus 4,900 units of secured market rental housing and 946 units of social housing. In 2015, the public benefits secured were \$103 million (in-kind and cash) plus 1,192 units of secured market rental housing and 31 units of social housing.

While some of the public benefits (e.g. cash CACs, public art contributions) are achieved in the year when the additional density is approved, in-kind public benefits (e.g. affordable housing, childcare) are typically achieved over a longer period of time as such benefits are delivered as part of market developments. Cash CACs collected from development will be allocated to specific projects as part of the annual capital budget process.

***Impact of Development Contributions on New Construction*** - Development contributions (DCLs and CACs combined), while significant in value, represent only a small percentage of the overall construction value in a given year. In 2015, the City received \$154 million in development contributions, including \$94.7 million in DCLs (excluding interest), \$56.8 million in cash-in-lieu CACs/in-kind CACs, and \$2.5 million density bonus contributions (Note: Value of CACs received is different than value of CACs secured which will be achieved over time). This is equivalent to ~5% of the 2015 construction value of \$3.2 billion.

***Ongoing Operating Budget Implications*** - In-kind public amenities that are constructed by developers and conveyed to the City upon completion, such as affordable housing, childcare, social or cultural facilities, will give rise to on-going operating costs for the City. As these amenities come on stream, the associated operating, programming, asset maintenance and rehabilitation costs will be determined and addressed through the long-term financial planning and annual budget processes. Other public benefits such as secured market rental,

public art on private sites, and transfer of heritage density, will remain in private ownership and thus the associated operating and lifecycle costs would be the responsibility of the owner/developer.

Information from this report provides input into the City's long-term financial and capital planning framework and helps guide decision-making both at the city-wide level (e.g. 10-year Capital Strategic Outlook) and the community level (e.g. public benefits strategies).

### *CONCLUSION*

This report focuses on all approvals of additional density occurring in 2015 and it describes the type and value of public benefits secured from these projects.

In 2015, there were 42 project approvals resulting in 2.4 million sq.ft. of additional density. Approvals of additional density in 2015 will result in public benefits valued at approximately \$103 million plus 1,192 units of rental housing and 31 social housing not included in the project valuations. Approximately two-thirds of the public benefit valuation (\$62 million) and about 30% of the added floor area were attributed to five large rezoning approvals. Affordable housing was the largest recipient of public benefit contributions, followed by childcare facilities, heritage, community facilities, and parks/open space/public art.

\* \* \* \* \*

Appendix A: Approvals of Additional Density in 2015  
Grouped by Community Plan Area/Policy

ID#	Address	Local Area	Approval Type	Density increase (net ft <sup>2</sup> increase)	Public Benefits Secured	Total Public Benefits Value (\$)
<b>Marpole Community Plan</b>						
1	445 SW Marine Dr	Marpole	Rezoning	357,986	<ul style="list-style-type: none"> <li>•Child Care Facility (37 spaces in-kind)</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Parks &amp; Open Spaces</li> <li>•Public Art</li> <li>•Public Realm &amp; Greenway Improvements</li> <li>•Social / Community</li> </ul>	\$20,809,034
2	375 W 59th Ave	Marpole	Rezoning	119,685	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Public Art</li> <li>•Social / Community</li> </ul>	\$6,876,673
3	7510 Cambie St	Marpole	Rezoning	59,865	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Public Art</li> <li>•Social / Community</li> </ul>	\$3,500,000
4	7900 Yukon St	Marpole	Bonusing	43,325	<ul style="list-style-type: none"> <li>•Affordable Housing Fund</li> <li>•Amenities/Infrastructure in Marpole</li> </ul>	\$1,681,010
5	344 W 62nd Ave	Marpole	Bonusing	16,173	<ul style="list-style-type: none"> <li>•Affordable Housing Fund</li> <li>•Amenities/Infrastructure in Marpole</li> </ul>	\$570,631
6	230 W 62nd Ave	Marpole	Bonusing	13,459	<ul style="list-style-type: none"> <li>•Affordable Housing Fund</li> <li>•Amenities/Infrastructure in Marpole</li> </ul>	\$133,028
7	284 W 62nd Ave	Marpole	Bonusing	4,461	<ul style="list-style-type: none"> <li>•Affordable Housing Fund</li> <li>•Amenities/Infrastructure in Marpole</li> </ul>	\$44,605
<b>Subtotal Marpole Community Plan</b>				<b>614,953</b>		<b>\$33,614,981</b>
<b>Cambie Corridor Plan</b>						
8	468 W 33rd Ave	Riley Park	Rezoning	61,105	<ul style="list-style-type: none"> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Social / Community</li> </ul>	\$3,360,736
9	6929 Cambie St	Oakridge	Rezoning	59,240	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Social / Community</li> </ul>	\$3,258,200
10	6318 Cambie St	Oakridge	Rezoning	49,598	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Social / Community</li> </ul>	\$3,099,000

ID#	Address	Local Area	Approval Type	Density increase (net ft2 increase)	Public Benefits Secured	Total Public Benefits Value (\$)
11	6729 Cambie St	Oakridge	Rezoning	41,886	<ul style="list-style-type: none"> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Social / Community</li> </ul>	\$2,303,730
12	4162 Cambie St	Riley Park	Rezoning	41,396	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Social / Community</li> </ul>	\$2,276,780
13	467 W King Edward Ave	Riley Park	Rezoning	38,970	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Public Art</li> <li>•Social / Community</li> </ul>	\$2,143,350
14	5355 Cambie St	South Cambie	Rezoning	32,069	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Social / Community</li> </ul>	\$1,763,850
15	408 W King Edward Ave	Riley Park	Rezoning	89,929	<ul style="list-style-type: none"> <li>•Housing - market rental (56 units)*</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Parks &amp; Open Spaces</li> <li>•Public Art</li> <li>•Social / Community</li> </ul>	\$1,333,716
<b>Subtotal Cambie Corridor Plan</b>				<b>414,193</b>		<b>\$19,539,362</b>
<b>Downtown South</b>						
16	1335 Howe St	Downtown	Rezoning	170,937	<ul style="list-style-type: none"> <li>•Housing - market rental (109 units)*</li> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Public Art</li> </ul>	\$19,906,726
				<b>170,937</b>		<b>\$19,906,726</b>
<b>Mount Pleasant Community Plan</b>						
17	1837 Main St	Mount Pleasant	Rezoning	84,493	<ul style="list-style-type: none"> <li>•Housing - social housing (30 units)*</li> <li>•Cultural</li> <li>•Public Art</li> </ul>	\$7,086,420
18	311 E 6th Ave	Mount Pleasant	Development Permit Bonus	20,876	<ul style="list-style-type: none"> <li>•Housing - social housing (14 units)*</li> <li>•Affordable Housing Fund</li> </ul>	\$2,400,000
19	275 Kingsway	Mount Pleasant	Rezoning	92,472	<ul style="list-style-type: none"> <li>•Housing - market rental (202 units)*</li> <li>•Public Art</li> </ul>	\$256,263
<b>Subtotal Mount Pleasant Community Plan</b>				<b>197,841</b>		<b>\$9,742,683</b>
<b>West End Community Plan</b>						
20	1171 Jervis St	West End	Development Permit Bonus	76,479	<ul style="list-style-type: none"> <li>•Housing - social housing (27 units)*</li> <li>•Public Art</li> </ul>	\$4,779,000



ID#	Address	Local Area	Approval Type	Density increase (net ft2 increase)	Public Benefits Secured	Total Public Benefits Value (\$)
21	1754 Pendrell St	West End	Rezoning	82,389	<ul style="list-style-type: none"> <li>•Housing - market rental (178 units)*</li> <li>•Affordable Housing Fund</li> <li>•Public Art</li> <li>•Social / Community</li> </ul>	\$2,187,942
22	1188 Bidwell St	West End	DPB - Heritage Density Transfer	156,118	<ul style="list-style-type: none"> <li>•Housing - market rental (108 units)*</li> <li>•Heritage - purchase of density</li> </ul>	\$340,340
23	1529 Comox St	West End	Development Permit Bonus	3,309	<ul style="list-style-type: none"> <li>•Housing - market rental (13 units)*</li> </ul>	\$0
24	1427 Haro St	West End	Development Permit Bonus	586	<ul style="list-style-type: none"> <li>•Housing - market rental (7 units)*</li> </ul>	\$0
25	1668 Davie St	West End	Development Permit Bonus	156,118	<ul style="list-style-type: none"> <li>•Housing - market rental (158 units)*</li> </ul>	\$0
<b>Subtotal West End Community Plan</b>				<b>474,999</b>		<b>\$7,307,282</b>

<b>Southeast False Creek</b>						
26	26 E 1st Ave	Mount Pleasant	Rezoning	52,942	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Heritage - purchase of density</li> <li>•Affordable Housing Fund</li> <li>•Public Art</li> </ul>	\$7,004,281
<b>Subtotal Southeast False Creek</b>				<b>52,942</b>		<b>\$7,004,281</b>

<b>Metropolitan Core Jobs &amp; Economy Plan</b>						
27	1070 W Pender St	Downtown	Rezoning	208,793	<ul style="list-style-type: none"> <li>•Child Care Facilities</li> <li>•Public Art</li> </ul>	\$3,017,464
<b>Subtotal Metropolitan Core Jobs &amp; Economy Plan</b>				<b>208,793</b>		<b>\$3,017,464</b>

<b>Little Mountain Adjacent Area Plan</b>						
28	126 E 35th Ave	Riley Park	Rezoning	37,356	<ul style="list-style-type: none"> <li>•Affordable Housing Fund</li> </ul>	\$859,188
29	5080 Quebec St	Riley Park	Rezoning	27,360	<ul style="list-style-type: none"> <li>•Affordable Housing Fund</li> </ul>	\$629,280
30	5037 Main St	Riley Park	Rezoning	19,287	<ul style="list-style-type: none"> <li>•Affordable Housing Fund</li> </ul>	\$565,000
<b>Subtotal Little Mountain Adjacent Area Plan</b>				<b>84,003</b>		<b>\$2,053,468</b>

<b>Rental 100 Projects (City-wide policy)</b>						
31	1600 W 6th Ave	Fairview	Rezoning	19,284	<ul style="list-style-type: none"> <li>•Housing - market rental (13 units)*</li> </ul>	\$0
32	5648 Victoria Dr	Grandview - Woodland	Rezoning	13,380	<ul style="list-style-type: none"> <li>•Housing - market rental (23 units)*</li> </ul>	\$0
33	2312 Galt St	Kensington - Cedar Cottage	Rezoning	18,835	<ul style="list-style-type: none"> <li>•Housing - market rental (28 units)*</li> </ul>	\$0
34	450 Gore Avenue	Strathcona	Rezoning	37,161	<ul style="list-style-type: none"> <li>•Housing - market rental (99 units)*</li> </ul>	\$0
35	698 E 64th Ave	Sunset	Rezoning	18,332	<ul style="list-style-type: none"> <li>•Housing - market rental (37 units)*</li> </ul>	\$0
36	3063 W Broadway	Kitsilano	Rezoning	8,496	<ul style="list-style-type: none"> <li>•Housing - market rental (70 units)*</li> </ul>	\$0
37	3819 Boundary Rd	Renfrew - Collingwood	Rezoning	3,963	<ul style="list-style-type: none"> <li>•Housing - market rental (56units)*</li> </ul>	\$0
<b>Subtotal Rental 100 Projects (Outside of Community Plan Areas)</b>				<b>119,451</b>		<b>\$0</b>

<b>Approvals outside Plan Areas</b>						

ID#	Address	Local Area	Approval Type	Density increase (net ft <sup>2</sup> increase)	Public Benefits Secured	Total Public Benefits Value (\$)
38	3760 Quebec St	Riley Park	Bonusing	1,060	•Heritage - onsite preservation	\$200,000
39	3780 Quebec St	Riley Park	Bonusing	1,060	•Heritage - onsite preservation	\$190,000
40	1819 W 5th Ave	Kitsilano	DPB - Heritage Density Transfer	3,649	•Heritage - purchase of density	\$183,105
41	2095 W 43rd Ave	Kerrisdale	Rezoning	12,343	•Parks & Open Spaces	\$37,029
42	3090 E 54th Ave	Killarney	Rezoning	42,750	•Housing - social housing (31 units)*	\$0
<b>Subtotal Approvals outside Plan Areas</b>				<b>60,862</b>		<b>\$610,134</b>
<b>Grand Total</b>				<b>2,398,974</b>		<b>\$102,796,381</b>

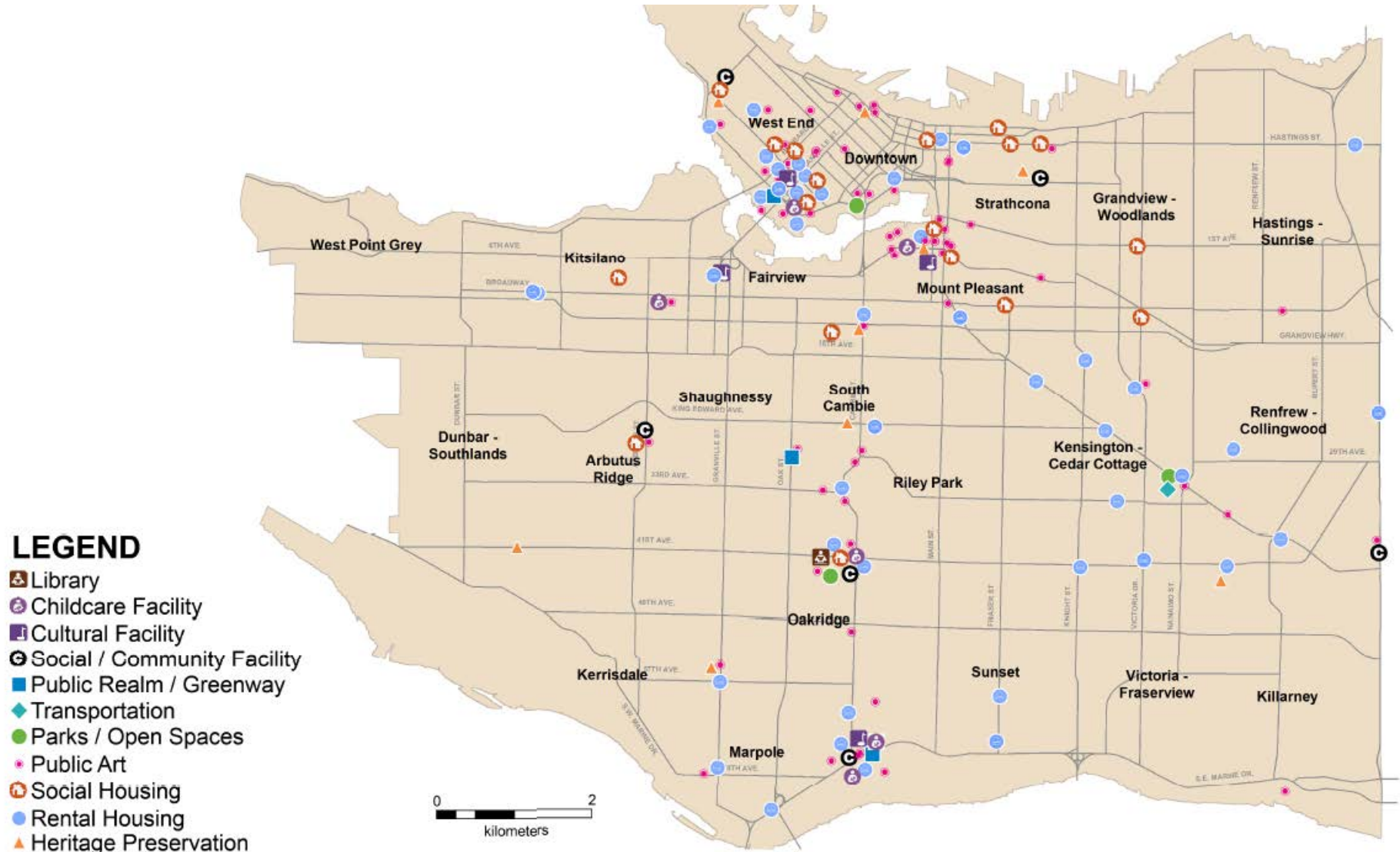
**Table Notes:**

\*Value of market rental housing is not included in total public benefit value

\*\*HRA: Heritage Revitalization Agreement

Source: City of Vancouver rezoning and development permit board approvals (2015)

Appendix B: Rezoning Approvals that Secured In-Kind Public Benefits (2010-2015)



**Appendix C:  
An Overview of DCLs and CACs  
Heritage Transfer of Density  
Mechanisms for Approving Additional Density**

## **An Overview of DCLs and CACs**

### **Development Cost Levies**

Development Cost Levies (DCLs) are a growth-related charge on all new development. They are applied on a per square foot basis and are payable at Building Permit issuance. DCLs are governed by rules set out in the Vancouver Charter. DCLs are a very important source of revenue for civic facilities. Since they were introduced, over \$600 million in funds have been collected from DCLs to help pay for growth-related facilities.

DCLs collected from development help pay for facilities made necessary by growth. Facilities eligible for DCL funding include: parks, childcare facilities, replacement housing (social/non-profit housing), and engineering infrastructure.

There are 10 DCL districts within the city and they are divided into three types of DCL districts, each with its own rates:

- The Vancouver (City-wide) DCL District applies to most of the city. Certain area-specific DCL districts and other planning areas/zones are excluded from the Vancouver DCL District.
- Area-specific DCL Districts. Developments in these districts are subject to the area-specific DCL and are exempt from paying the Vancouver DCL.
- Layered DCL Districts. Developments in these districts are subject to both the area-specific DCL and the Vancouver DCL.

### **Community Amenity Contributions**

Community Amenity Contributions (CACs) are voluntary in-kind or cash contributions provided by developers when City Council grants additional development rights through rezonings. CACs can help address the increased demands that may be placed on City facilities as a result of a rezoning (from new residents and/or employees), as well as mitigate the impacts of a rezoning on the surrounding community. Examples of in-kind amenity contributions include childcare facilities or park space incorporated into the new development. Cash contributions may be put toward benefits such as these, and others including libraries, community centres, transportation improvements, cultural facilities and neighbourhood houses. Cash contributions are generally applied to off-site benefits in the surrounding community.

In a rezoning, CACs can be part of a public benefits package offered by the developer, which may also include the transfer of density from a heritage site, and/or affordable housing. CACs are typically in addition to Development Cost Levies, which are growth-related charges on all new development.

Community Amenity Contributions have evolved over recent decades to help provide growth-related amenities arising from new development. CAC Policies have been applied in various ways, corresponding to planning and land use change across the city.

All rezonings Downtown are processed with negotiated CACs on a site-by-site basis (see map). The rest of the city is covered by the City-wide CAC Policy, which sets out a framework for standard rezonings, non-standard rezonings, and exemptions from CACs. Standard rezonings use a flat rate target approach (currently set at a target of \$3.00 per square foot of additional density). Non-standard rezonings use a negotiated approach on a site-by-site basis. Certain areas of the city have their own area-specific CAC and/or public benefit policies determined as part of Area Plans (e.g. Arbutus Neighbourhood, Southeast False Creek, Cambie Corridor, Norquay Village are examples of fixed rate target CACs). At the time of writing this report, the CAC Through Rezoning Policy was under review, with recommended changes to the \$3.00 per square foot CAC target as well as other administrative changes.

Major projects, such as Southeast False Creek and East Fraserlands, that are comprehensively planned typically provide a full range of public benefits on-site. A specific public benefits package (including CACs) is developed based on area plans and community need.

To respond to project-specific conditions, the City uses a mixed CAC approach that comprises both fixed rate targets and negotiated CACs, which will continue to evolve over time.

### **Heritage Transfer of Density**

The City of Vancouver offers a variety of incentives to achieve the conservation and legal protection of heritage resources. A frequently used incentive is granting of bonus density in exchange for the rehabilitation and legal protection of a heritage building. When it is not possible to use this bonus density by adding more development on the same site as the heritage building, City Council may authorize it to be made available for transfer to another site where there is opportunity for additional development. The sale of transferable heritage density generates funds for the owner of the heritage site; this helps defray rehabilitation costs.

The site of the heritage building is called the donor site. The site where the transferred density is to be used is called the receiver site. The City is not party to the negotiations between representatives of heritage sites and receiver sites regarding the sale of transferable density.

The amount of transferable density is specified in a Heritage Revitalization Agreement (HRA) between the Donor Site Owner and the City. The HRA also describes the conditions that have to be met by the Donor Site Owner, before any heritage density can be legally transferred.

### **What are Possible Receiver Areas?**

City Council has established a "Transfer of Density Policy and Procedure" which identifies heritage conservation as one of the public objectives that can be achieved through a transfer of density.

This document states that it may be possible to transfer heritage density from donor to receiver sites throughout most of the Central Area. The zoning districts in the Central Area where potential receiver sites can be located are: the Downtown District (DD); the West End (RM-5, RM-5A, RM-5B, C-5, C-6); and portions of Central Broadway (C-3A). Donor sites can be located in any of these districts and also the Chinatown (HA-1 and HA-1A) and Gastown (HA-2) zoning districts.

Outside of the Central Area, Council policy is that heritage density transfers may occur if the donor and receiver sites “are not separated by a zoning boundary or use, density or height district boundary in an Official Development Plan”, and both sites are rezoned at the same time.

### How Heritage Density Can Be Transferred to a Receiver Site

Heritage Density can be transferred to more than one receiver site. There are two ways in which density may be transferred:

1. Density Increase of up to 10%: In several of the zoning districts which encompass the Central Area, the Development Permit Board may approve a development application which requests an increase in density of up to 10% more than is otherwise permitted by the existing zoning. In doing so the Board will give particular consideration to the impact of a density increase on shadowing, floor plate shape and size, height and public views, as well as the opinions of any persons who consider themselves affected.

Council policy excludes the following as receiver sites:

- sites already receiving a 15 percent hotel bonus;
- sites already receiving a heritage density bonus;
- sites containing a single room occupancy (SRO) hotel, unless arrangements are made to secure or replace units; and
- sites zoned CD-1, unless a provision is included in the CD-1 by-law.

A receiver site may be eligible if it is in one of the above-noted zones in the Central Area.

2. More than 10% increase in density or receiver sites outside the Central Area: If the proposed increase in density is more than 10%, or the receiver site is located outside the districts listed above, a rezoning application can be made.

## Mechanisms for Approving Additional Density

### Rezoning

Each zoning district contains an intent statement about the City objectives for the district, a list of permitted land uses and regulations governing maximum height, site coverage, floor area (density) and related aspects of any development which may be permitted on a site. A rezoning is a legal change to the Zoning By-law, either initiated by the City following a policy planning study, or by way of a privately-submitted rezoning application.

Privately-submitted rezoning applications result in a Comprehensive Development District, or CD-1. CD-1 zoning is tailor made to a specific site or area. It is intended for unique sites or areas or to accommodate special uses or forms of development which do not fit within a standard zoning district schedule. Council may establish certain conditions (e.g. legal agreements or other arrangements) that must be met prior to the enactment of the CD-1 By-law, and other conditions (usually pertaining to design) that must be met before the approval of the development application. Rezonings may also include a Heritage Revitalization Agreement. Rezonings, whether initiated by the City or a member of the public, must be approved by City Council at a Public Hearing.

Developers often offer Community Amenity Contributions (CACs) to help address the increased demands that may be placed on City facilities and mitigate the impacts of a rezoning on the surrounding community as a result of a privately-submitted rezoning.

### Development Permit Bonusing

Director of Planning discretion for additional density generally applies to development permit applications seeking small amounts of additional density in single and two family residential areas. Larger development permit applications in zoning districts in and around the Downtown require a more rigorous review process due to their size, significance, complexity or impact on the community. The Development Permit Board is authorized to consider additional density for many of these larger applications in return for a range of amenities. In some areas, the DP Board can approve an unspecified amount of additional density where a need for any public, social, recreational or cultural facility has been identified. Furthermore, the Development Permit Board is able to authorize an unspecified amount of additional density in most of the Downtown District Official Development Plan (DD ODP) area to provide for low cost housing (although this requires prior approval by City Council and the securing of a Housing Agreement).

Properties located Downtown (in zones RM-5, RM-5A, RM-5B, C-5, C-6, CD-1 as well as areas covered by the DD ODP) and portions of Central Broadway (zoned C-3A and located between Main St in the east and Burrard St in the west) can receive an additional 10% above the maximum density through the purchase of transferable heritage density. These transfers can be approved by the Development Permit Board. Transfers of heritage density beyond what is possible under existing zoning are generally approved by City Council through a rezoning process.

While not related to public benefits, the DP Board can also authorize up to 15% of additional density for hotel uses in many parts of the Downtown District ODP area.

### Density Bonus Zoning

Density bonusing is used as a zoning tool that permits developers to build more floor space than normally allowed, in exchange for amenities and affordable housing needed by the community. Amenities can be community centres, libraries, parks, childcare centres, affordable housing and more.

Density bonus zones allow for:

- Outright density (or base density) with no density bonus contribution
- Extra density, up to a limit set in a zone, with a contribution towards amenities and affordable housing

Financial contributions are determined by the density bonus contribution rate set out in the zone. Density bonusing is currently being used in the RM-8/RM-8N and RM-9/RM-9N zoning districts within Marpole.

### Heritage Designations and Heritage Revitalisation Agreements

When more density is being sought that can be approved by the Director of Planning in the rehabilitation of a heritage building, heritage designation may be required. In general terms, up to 10% of additional density can be granted if a property is designated. Designation of a heritage property requires Council approval. For developments requesting greater than 10% (or less than 10% if the development includes other significant variances from the Zoning By-law), a Heritage Designation, as well as, a Heritage Revitalization Agreement (HRA) are required.

An HRA, is an agreement between the City and an owner of a heritage property. Each HRA is unique and contains details on the duties, obligations and benefits negotiated by both parties. An HRA may involve variations to a number of by-laws, including zoning. The HRA supersedes zoning by-law and allows for more significant variations to the acceptable land uses, density and siting requirements (e.g. setbacks, maximum heights, etc.). If land uses or density are to be varied, HRAs must be approved by Council following a Public Hearing.

### Development Permit Through Discretion

Some of Vancouver's zoning regulations allow for small amounts of additional density to be granted by the Director of Planning at his or her discretion. The additional density provided through this mechanism is usually granted to help the restoration and designation of a heritage property and applies to single family and two family residential zoning districts. For example properties in the RT-3 zoning district (Strathcona) allows for infill in relaxations of the Zoning By-law, including floor space, to preserve the many single family heritage homes in the neighbourhood. Very small amounts of additional density (generally less than 3%) can be granted directly through the Director of Planning and it is typically associated with design performance.