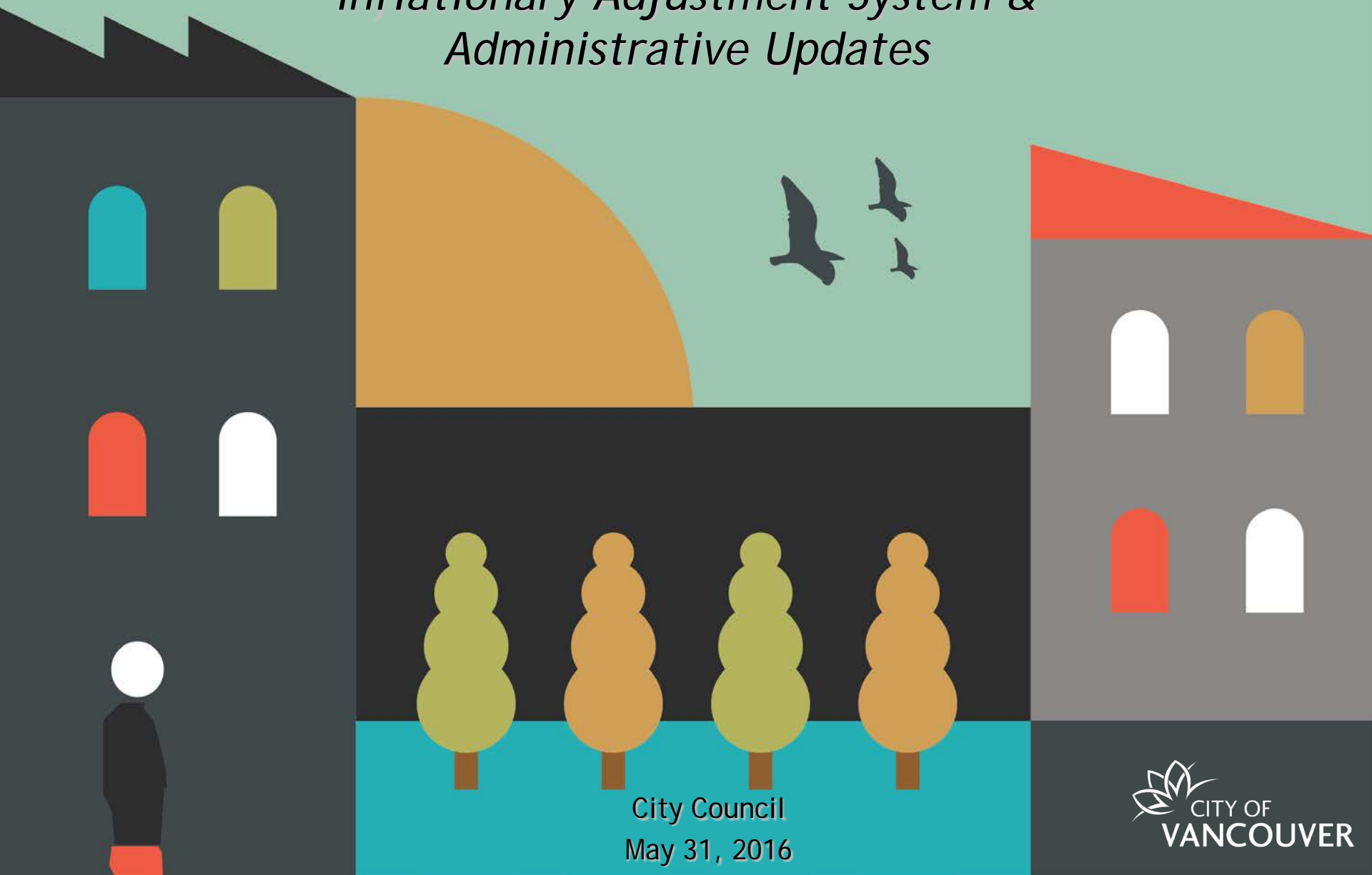


City-wide CAC Policy: *Inflationary Adjustment System & Administrative Updates*



City Council
May 31, 2016

Presentation Outline

1. Annual Inflationary Adjustment System for CAC Targets/DBZ Contributions
2. Administrative Updates to City-wide CAC Policy



Inflationary Adjustment Recommendation

Adopt the Council-approved DCL annual inflationary rate adjustment system to adjust:

- CAC (fixed rate) target contributions
- Density Bonus Zone contributions

Including a one-time catch-up to reflect cumulative inflation since inception



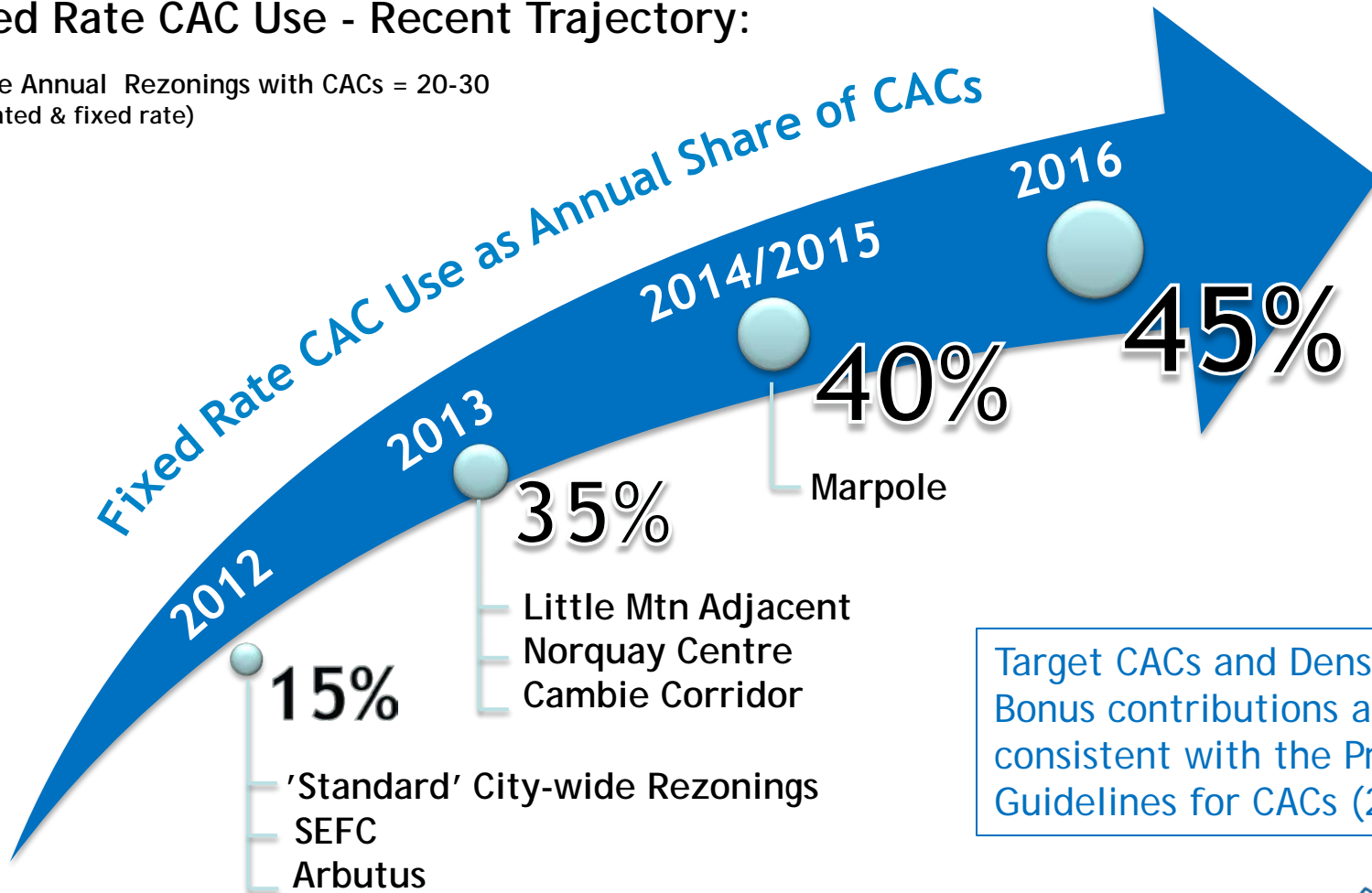
Background on Inflationary System

- Adjustment system developed in [partnership with industry stakeholders \(2008\)](#) & adopted by Council (2009)
- Used to adjust DCL rates annually since 2010, avg. rate change: +4%
- Helps to [maintain purchasing power of DCLs](#), & provides more predictability with rate changes facing new development
- Inflationary system [uses publicly accessible, third party data](#); provides transparent and accessible calculations; and responds to changing market conditions
- Each year, Council votes on new rates in July, updated rates take effect Sept 30th

CAC Target Use

Fixed Rate CAC Use - Recent Trajectory:

Average Annual Rezoning with CACs = 20-30
(negotiated & fixed rate)



Target CACs and Density Bonus contributions are consistent with the Provincial Guidelines for CACs (2014)

CAC Target/DBZ Contribution Areas

CAC Target/ DBZ Contribution Areas	Year Established	Current CAC Target/ DBZ Contribution (\$/sq.ft. applied on net additional density)
Marpole CAC Target	2014	\$55.00
Marpole DBZ (1.2 FSR to 2.0 FSR)	2014	\$55.00
Marpole DBZ (0.75 FSR to 1.2 FSR)	2014	\$10.00
Cambie Corridor CAC Target	2013	\$55.00
Norquay CAC Target (Kingsway C-2)	2013	\$15.00
Norquay DBZ (Apartment Transition)	2013	\$10.00
Little Mountain Adjacent CAC Target	2013	\$23.00
Southeast False Creek CAC Target	2007	\$11.50

- CAC Targets/DBZs **unadjusted since year established**
- **Purchasing power** of CAC targets/DBZs eroded if not updated

One-Time Inflationary Catch-Up to 2015

CAC Target/ DBZ Contribution Areas	Year Established	Current CAC Target/ DBZ Contribution (\$/sq.ft. applied on net additional density)	One-Time Inflationary Catch- up to 2015 (\$/sq.ft)
Marpole CAC Target	2014	\$55.00	+\$1.90
Marpole DBZ (1.2 FSR to 2.0 FSR)	2014	\$55.00	+\$1.90
Marpole DBZ (0.75 FSR to 1.2 FSR)	2014	\$10.00	+\$0.35
Cambie Corridor CAC Target	2013	\$55.00	+\$3.30
Norquay CAC Target (Kingsway C-2)	2013	\$15.00	+\$0.90
Norquay DBZ (Apartment Transition)	2013	\$10.00	+\$0.60
Little Mountain Adjacent CAC Target	2013	\$23.00	+\$1.40
Southeast False Creek CAC Target	2007	\$11.50	+\$2.20

- One time inflationary catch-up restores lost purchasing power
- Coriolis Consulting: minimal impact on project viability

Implementing & Updating

Staff will minimize any potential negative impacts on either the development industry or City by:

- reviewing recommended rate adjustments with industry stakeholders annually
- carrying out periodic updates to recalibrate CAC targets and DBZ contribution rates by updating public benefit strategies
- monitoring the pace of rezoning and redevelopment activity in each CAC target and DBZ contribution areas



Administrative Updates to City-wide CAC Policy

Remove the \$3.00/sq.ft. CAC target for Standard Rezoning, & 1.35 FSR exemption for small site rezonings

- Policy unchanged since 1999 & used infrequently
- Continuing to apply these approaches results in unfair application of CAC policy
- Needs to reflect the variability in public benefit needs or development economics across the city
- Needs to be aligned with Provincial CAC guide

Clarify that CAC payments are due prior to rezoning enactment

Thank You

For more information:

vancouver.ca/financegrowth

