



ADMINISTRATIVE REPORT

Report Date: September 3, 2009
Contact: Ken Bayne
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Meeting Date: October 6, 2009

TO: Vancouver City Council
FROM: General Manager Business Planning and Services
SUBJECT: Development Cost Levies Status Report on Collection and Expenditure

RECOMMENDATION

THAT Council receive this report for information.

COUNCIL POLICY

On June 24, 2003 Council approved the Financing Growth Policy. The Financing Growth Policy took a comprehensive look at long term, city-wide growth and its associated public facility costs. The Policy sets the framework for how Development Cost Levies (DCLs) are collected and allocated in the Vancouver (City-wide) DCL area (here after described as the City-wide DCL).

Since 1990, the City has established seven Area Specific (excluded from the City-wide DCL charge) and three Layered (not excluded from the City-wide DCL charge) DCL districts.

In 2008, the Province approved Bill 27 (Local Government "Green Communities" Statute Amendment Act) which amended Section 18(1) of the Vancouver Charter to require that each year the Director of Finance prepare and submit to Council a report for the previous year that includes the following, reported for each purpose under this section for which the Council imposes the development cost levy in the applicable year:

- (i) the amount of development cost levies received;*
- (ii) the expenditures from the development cost levy reserve funds;*
- (iii) the balance in the development cost levy reserve funds at the start and at the end of the applicable year;*
- (iv) any waivers and reductions under subsection (10.4), and*
- (v) as soon as practicable after receiving the report, the Council must consider the report and make it available to the public.*

PURPOSE

This report is submitted for Council's information in accordance with Section 18(1) of the Vancouver Charter which requires the Director of Finance to report annually on the amount of development cost levies collected and allocated for expenditure for the previous year, and the remaining balance held unallocated.

BACKGROUND

DCLs are a growth-related charge collected from all new development. They are applied on a per square foot basis and payment is due at Building Permit issuance. Based on the Vancouver Charter (see Appendix A for the relevant section of the Charter), DCL revenues help pay for the following growth-related capital projects:

- park land acquisition and improvements,
- assisting with replacement (affordable) housing,
- childcare facilities including land acquisition, and
- constructing, altering, expanding or replacing sewage, water, drainage and transportation facilities (including greenways, bikeways and public realm).

There are 11 DCL districts in the City in three general categories. (Appendix B contains a map showing the boundaries of the DCL areas.)

- i. The City-wide DCL District applies across most of the City.
- ii. Area Specific DCL Districts are specific geographic areas to which a DCL has been applied. Developments in these districts are subject to the Area Specific DCL and are exempt from paying the Vancouver DCL. There are seven such areas in the City.
- iii. Layered DCL Districts are specific geographic areas to which both an Area Specific DCL and the Vancouver DCL apply. There are three such areas in the City.

There are also eight additional areas exempt from paying the City-wide DCL because the City previously secured the provision of the growth-related capital projects as part of a Comprehensive Development District (CD-1), Official Development Plan (ODP) or alternative funding arrangement. These areas pre-date the establishment of the City-wide DCL area.

DCL rates are based on growth-cost estimates for DCL eligible capital projects (in the Area Specific and Layered DCL Districts this is typically part of an area-planning initiative). Staff estimate the cost for the DCL related capital projects needed to service the additional residents, households, and workers based on a forecast for growth. The total (gross) capital cost of these capital projects is then reduced based on the expected contributions from other revenue sources, such as other layers of governments. Staff then forecast the estimated DCL revenue that can be collected based on projected development take-up, zoned capacity and the effective DCL rate. The net costs not recovered by DCL revenue, must be met through other municipal revenue sources (i.e., municipal assist). Appendix C contains details on the estimated growth costs and municipal assist for each DCL district.

The DCL district by-law establishes the DCL area boundaries and the rates applicable for different types of development within that area (e.g., Residential =< 1.2 FSR, Residential > 1.2 FSR, Commercial, and Industrial). Differences between area rates reflect the different development forecasts and growth-related public benefit requirements in each area. Levies collected within each district must be spent within the area boundary, except for DCLs collected for replacement housing which can be spent city-wide. Details of DCL area rates, when they were established and how they are allocated to different amenity categories are provided in Appendix D.

The Charter requires that separate reserve accounts must be established for each DCL by-law, and all DCL spending must be approved by Council.

In addition to this report on annual DCL collection and expenditure, there is other DCL work currently underway. Stakeholders are being consulted regarding the City-wide DCL on the following topics: a partial inflationary rate adjustment for January 2010; an annual inflationary index system for future DCL rate adjustments; and, options for DCL instalment payments (more detail is available on the website at www.vancouver.ca/financegrowth).

As this is the first annual report of DCL collection and allocation in this format, the consultation on the City-wide DCL is also an opportunity to obtain stakeholder feedback on this report. In the past, the development community and other stakeholders have expressed a strong desire to see more information about how much DCL revenue has been collected and how DCLs have been spent.

DISCUSSION

Providing public facilities and affordability as the city grows are key issues for Vancouver. DCL revenues support Council priorities by providing funding for affordable housing and environmentally-friendly walking, biking and transit-related infrastructure. DCLs also support inclusive communities and a growing economy by providing new and improved parks and childcare facilities for residents and workers.

The following sections provide summary information on DCL collection, expenditure allocation, and remaining balances in-reserve for:

1. All DCL Areas
2. City-wide DCL Area
3. Area Specific and Layered DCL Areas

Because this is the first annual DCL report in this format, staff have provided an update on all DCL collection and expenditure from the time of establishment of each DCL to the end of 2008. Future annual reports will be limited to the prior-year's collection, expenditure and balance for each DCL area.

Appendices (in addition to those referenced earlier in the report) provide more detailed information as follows:

- o Appendix E - Detailed City-wide Area, Area Specific and Layered DCL Collections, Expenditures and Balances
- o Appendix F - DCL Capital Project Examples

- Appendix G - DCL Reductions for Heritage Revitalization Agreements or Single Room Accommodation conversions.

1. All DCL Areas - Collection, Expenditure & Unallocated Balance

Up to Dec 31, 2008 the total DCL revenue collected from all DCL areas was \$212.3 million (this figure includes \$17.3 million in interest paid to the DCL Reserve accounts) and the total spent or allocated for expenditure is \$165.6 million, leaving an unallocated balance of \$46.7 million. The "allocated for expenditure" category includes projects where funds have been committed to specific projects by Council but may not be spent yet because the project was not completed by Dec 31, 2008. Table 1 below shows the amounts collected and allocated for expenditure annually from 1993 to 2008.

TABLE 1: TOTAL ALL DCL AREAS - ANNUAL DCL REVENUE COLLECTION & EXPENDITURE

	TOTAL COLLECTED	TOTAL ALLOCATED FOR EXPENDITURE
1993	\$850,096	-
1994	\$834,251	-
1995	\$1,670,257	-
1996	\$4,419,007	-
1997	\$2,088,446	\$335,000
1998	\$6,362,329	\$1,182,194
1999	\$2,126,997	\$6,871,723
2000	\$6,797,309	\$2,200,945
2001	\$10,100,456	\$5,756,510
2002	\$12,382,608	\$4,266,332
2003	\$9,435,833	\$9,416,848
2004	\$21,307,767	\$8,360,460
2005	\$27,632,355	\$21,060,570
2006	\$23,161,170	\$11,236,330
2007	\$55,202,390	\$36,609,299
2008	\$27,940,055	\$58,291,441
TOTAL ALL DCL AREAS	\$212,311,325	\$165,587,652

Figure 1 below shows the DCL funds collected annually from 1993 to 2008.

FIGURE 1: ANNUAL DCLs COLLECTED – ALL DCL AREAS (\$000)

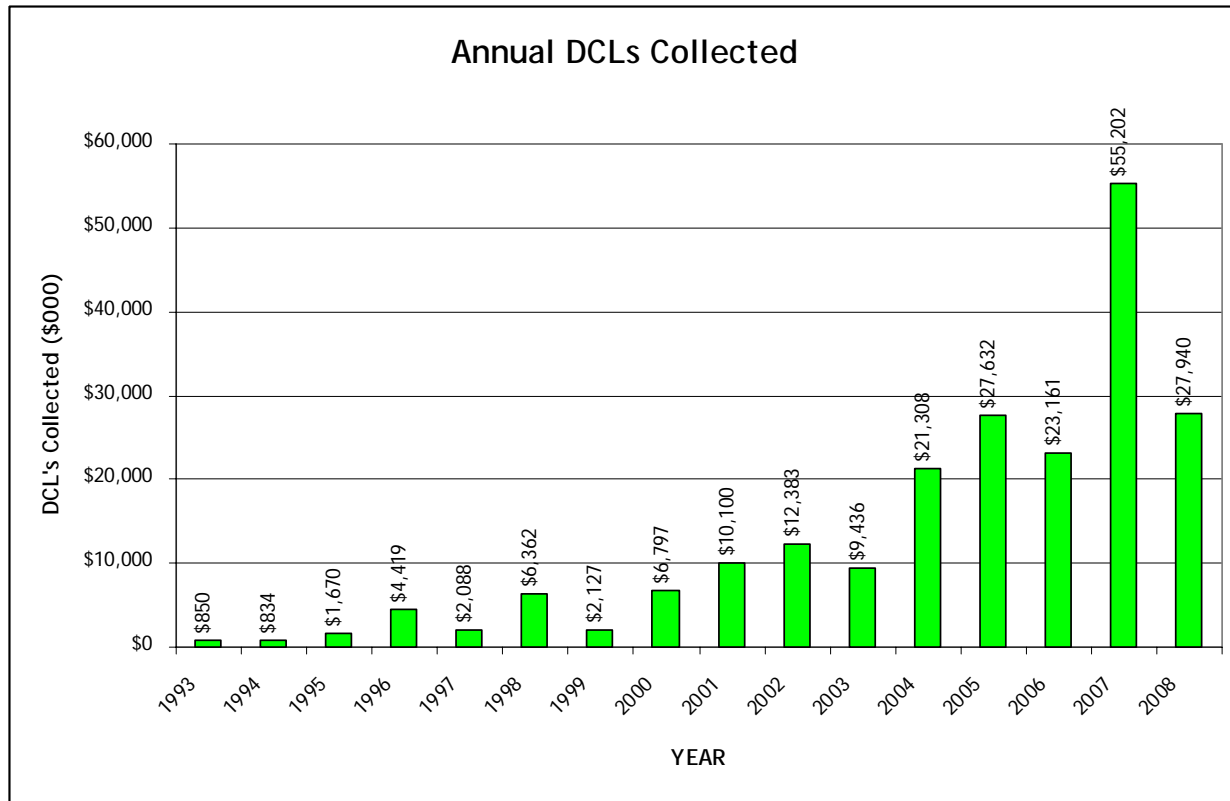


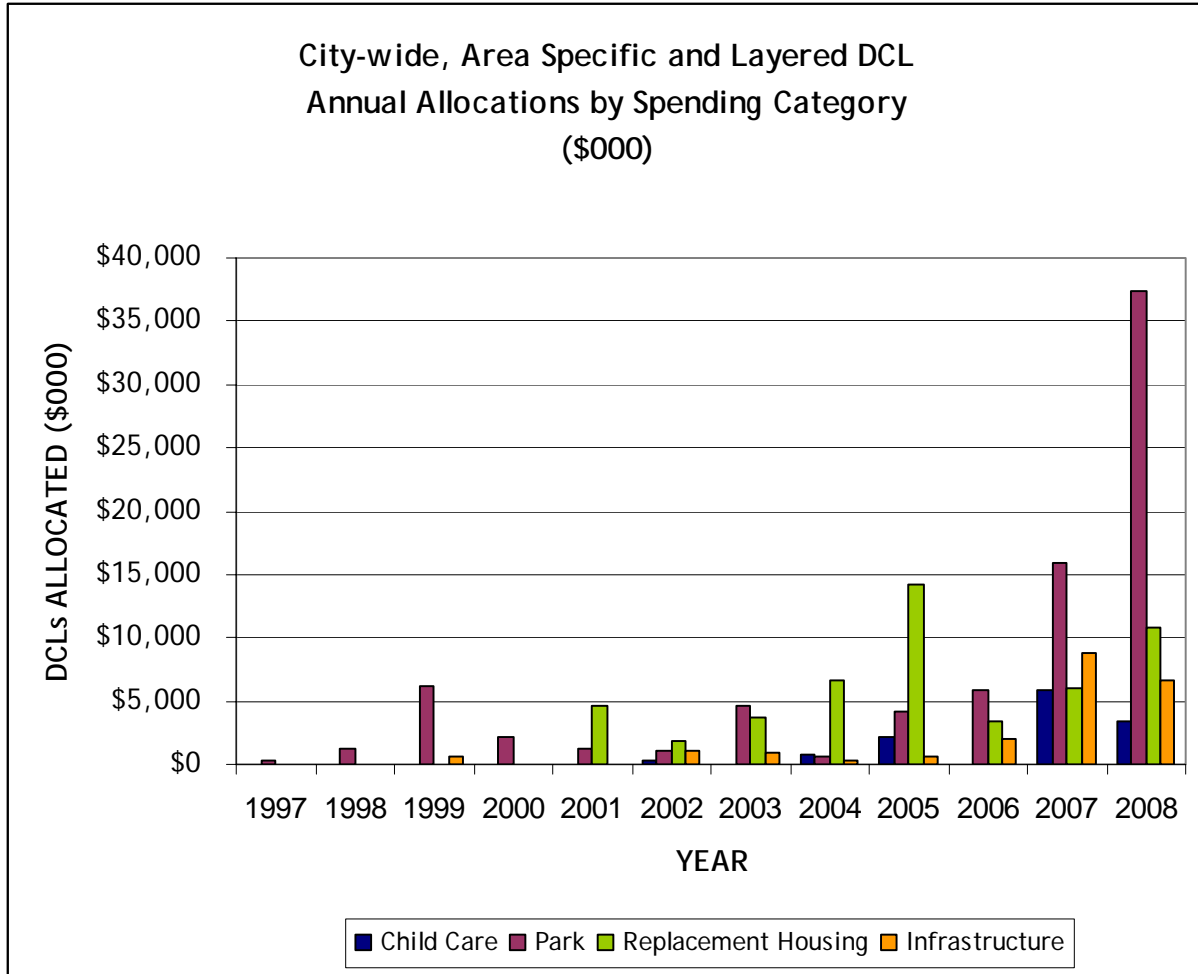
Table 2 below contains a summary of total DCLs collected by expenditure category and the portion of the revenue collected that has been allocated in 2008 and prior to 2008. Details of the DCL funds collected and allocated in 2008, and those collected and allocated prior to 2008, as well as the unallocated balances for each DCL area is provided in Appendix E.

TABLE 2: ALL DCL AREAS – EXPENDITURES BY SPENDING CATEGORY

DCL SPENDING CATEGORY	TOTAL COLLECTED	DCL FUNDS ALLOCATED FOR EXPENDITURE			ALLOCATED AS A % OF TOTAL COLLECTED
		2008	PRIOR TO 2008	TOTAL	
Childcare	\$19,486,438	\$3,375,000	\$9,097,742	\$12,472,742	64%
Engineering Infrastructure	\$28,331,181	\$6,641,283	\$14,460,128	\$21,101,411	75%
Park	\$97,959,783	\$37,288,924	\$43,577,024	\$80,865,948	83%
Replacement Housing	\$66,533,924	\$10,870,588	\$40,276,965	\$51,147,553	77%
TOTAL	\$212,311,329	\$58,175,795	\$107,411,859	\$165,587,654	78%

Figure 2 shows the annual allocations for expenditure of all DCLs (City-wide, Area Specific and Layered) by spending category.

FIGURE 2: CITY-WIDE, AREA SPECIFIC AND LAYERED DCL ANNUAL ALLOCATION FOR EXPENDITURE



2. City-wide DCL Area - Collection, Expenditure & Unallocated Balance

Up to Dec 31, 2008 the total DCL revenue collected from the City-wide DCL area was \$109.0 million and the total allocated for expenditure was \$92.8 million. City-wide DCLs are spent on capital projects that are part of city-wide public facility systems (e.g., parks and bikeways used by residents across the City).

TABLE 3: CITY-WIDE DCL AREA - DCL REVENUE COLLECTION, EXPENDITURE & BALANCE (DECEMBER 31, 2008)

	TOTAL COLLECTED	% OF ALL DCLs COLLECTED	TOTAL ALLOCATED FOR EXPENDITURE	UNALLOCATED BALANCE
CITY-WIDE VANCOUVER *	\$109,008,509	51%	\$92,823,370	\$16,185,139

* Note: \$7.3 million from City-Wide DCL revenue has been assigned to capital projects in Southeast False Creek of which \$6.8 has been allocated for expenditure. These amounts are included in the totals above.

Table 4 below contains a summary of City-wide DCLs collected by capital project spending category and the portion of the revenue collected that has been allocated in 2008 and prior to 2008. The Financing Growth policy recommendations approved by Council on June 24, 2003 set the framework for how DCLs are collected and allocated in the City-wide DCL area.

TABLE 4: CITY-WIDE DCL EXPENDITURED BY SPENDING CATEGORY

DCL SPENDING CATEGORY	TOTAL COLLECTED	DCL FUNDS ALLOCATED FOR EXPENDITURE			ALLOCATED AS A % OF TOTAL COLLECTED
		2008	PRIOR TO 2008	TOTAL	
Childcare	\$6,513,884	\$3,375,000	\$3,157,742	\$6,532,742	100%
Engineering Infrastructure	\$20,437,011	\$6,328,037	\$9,702,485	\$16,030,522	78%
Park	\$46,997,648	\$19,930,597	\$22,649,403	\$42,380,000	90%
Replacement Housing	\$35,059,966	\$10,870,588	\$17,009,518	\$27,880,106	80%
TOTAL	\$109,008,509	\$40,304,222	\$52,519,148	\$92,823,370	85%

Figure 3 shows the annual allocations for expenditure of City-wide DCLs by spending category.

FIGURE 3: CITY-WIDE DCL ANNUAL ALLOCATION FOR EXPENDITURE

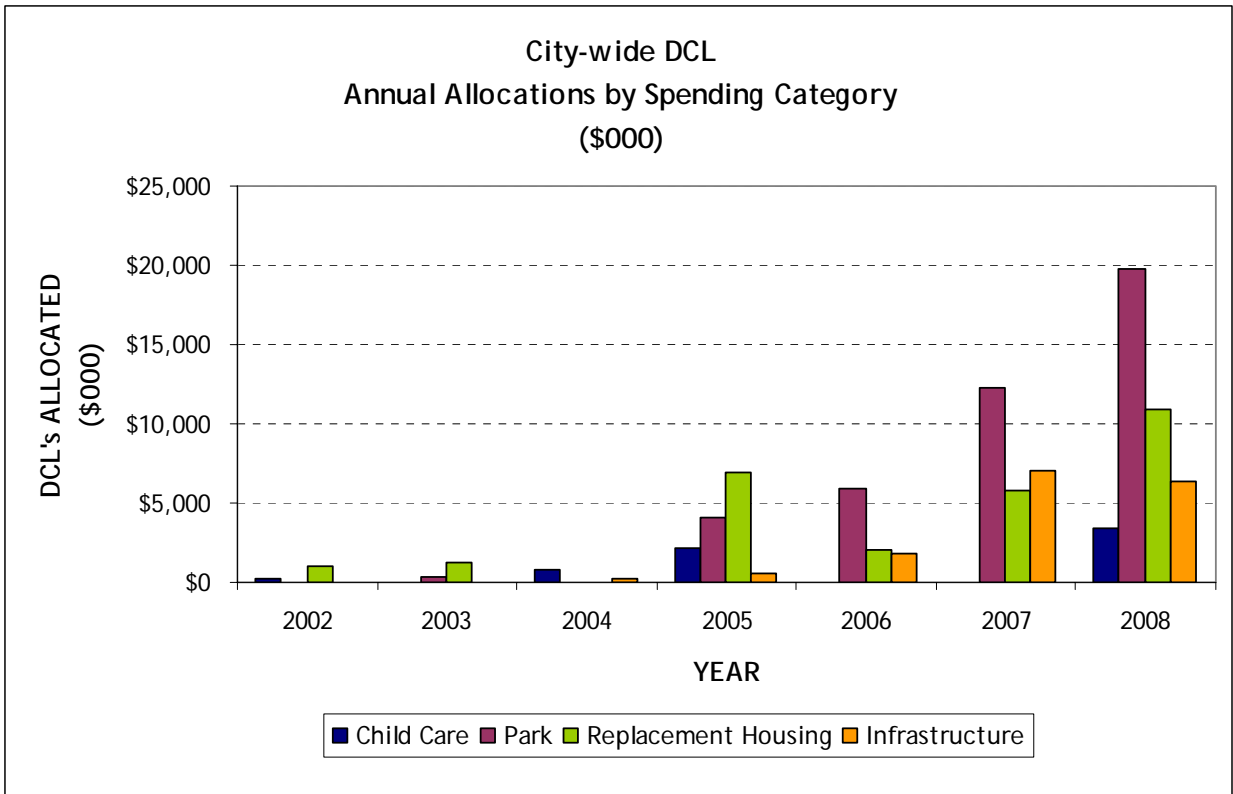


Table 5 shows the annual City-wide allocation for expenditure to each spending category as a percent of the annual total City-wide DCL revenue allocated.

TABLE 5: ANNUAL CITY-WIDE ALLOCATION FOR EXPENDITURE AS A PERCENT OF ANNUAL TOTAL CITY-WIDE ALLOCATION

	2002	2003	2004	2005	2006	2007	2008
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City-Wide DCL Revenue Allocated (\$000)	\$1,233	\$1,560	\$1,032	\$13,791	\$9,730	\$25,174	\$40,304
Childcare	18.9%		77.0%	15.4%			8.4%
Engineering Infrastructure			23.0%	4.3%	18.2%	28.2%	15.7%
Park		23.1%		30.0%	60.5%	48.8%	48.9%
Replacement Housing	81.1%	76.9%		50.3%	21.3%	23.0%	27.0%
Total	100%	100%	100%	100%	100%	100%	100%

The unallocated balances for the City-wide DCL are considered in establishing the expenditure allocations in the three year Capital Plan process according to the following policies:

- The expenditure allocation of City-wide DCL revenue should not exceed the funds already “in hand” plus a portion of DCL revenues anticipated during the capital plan period. In practice, this means the total capital plan expenditure allocation should not exceed 100% of the revenue available at the beginning of the plan and 50% of the funding anticipated to be available during the first two years of the plan.
- City-wide DCL funding should be distributed according to the long-term percentage allocations established in the Financing Growth Policy for each capital project category (i.e., park land, replacement (affordable) housing, childcare facilities, and transportation infrastructure).

This approach ensures that funds available for “growth-related” projects can be utilized over the capital planning period but that the expenditure allocation does not exceed the revenues that might reasonably be expected to be collected. It also leaves a balance of uncommitted funds in anticipation of emerging priority projects that may arise during the Capital Plan period.

The planned expenditure of City-wide DCLs in the 2009 - 2011 Capital Plan is shown in Table 6.

TABLE 6: 2009 - 2011 CAPITAL PLAN DCL FUNDING

DCL SPENDING CATEGORY	DCL FUNDS ALLOCATED (\$000's)
Childcare	\$1,100
Engineering Infrastructure	\$19,500
Park	\$20,790
Replacement Housing	\$22,000
TOTAL DCL FUNDING	\$63,390

3. Area Specific and Layered DCL Areas - Collection, Expenditure & Unallocated Balance

Up to Dec 31, 2008 the total DCL revenue collected from the seven Area Specific and three Layered DCL areas was \$103.3 million and total spent or allocated for expenditure is \$72.8 million.

TABLE 7: AREA SPECIFIC AND LAYERED DCL REVENUE COLLECTED, ALLOCATED AND UNALLOCATED BALANCE (DECEMBER 31, 2008)

	TOTAL COLLECTED	TOTAL ALLOCATED FOR EXPENDITURE	UNALLOCATED BALANCE
AREA SPECIFIC			
ARBUTUS	\$2,110,944	\$124,366	\$1,986,578
DOWNTOWN SOUTH	\$53,584,940	\$44,632,817	\$8,952,123
OAKRIDGE/LANGARA	\$3,920,645	\$990,900	\$2,929,745
BURRARD SLOPES	\$7,859,995	\$4,601,956	\$3,258,039
CEDAR COTTAGE/WELWYN	\$829,439	\$0	\$829,439
TRIANGLE WEST	\$13,364,905	\$4,333,000	\$9,031,905
LAYERED			
FALSE CREEK FLATS	\$1,943,447	\$1,391,246	\$552,201
GRANDVIEW BOUNDARY	\$1,082,777	\$0	\$1,082,777
SOUTHEAST FALSE CREEK	\$18,605,627	\$16,690,000	\$1,915,627
TOTAL	\$103,302,719	\$72,764,285	\$30,538,434

DCL expenditures for Area Specific and Layered DCLs follow similar policies to those used for the City-wide DCL. However, in smaller areas the pace of development and the cost of the required capital projects can mean that more time is required before sufficient DCL revenue is collected to fully fund specific projects.

Table 8 below contains a summary of all Area Specific and Layered DCLs collected by capital project spending category and the portion of the revenue collected that has been allocated in 2008 and prior to 2008. Details of the DCL funds collected and allocated in 2008, and those collected and allocated prior to 2008, as well as the unallocated balances for each DCL area is provided in Appendix E.

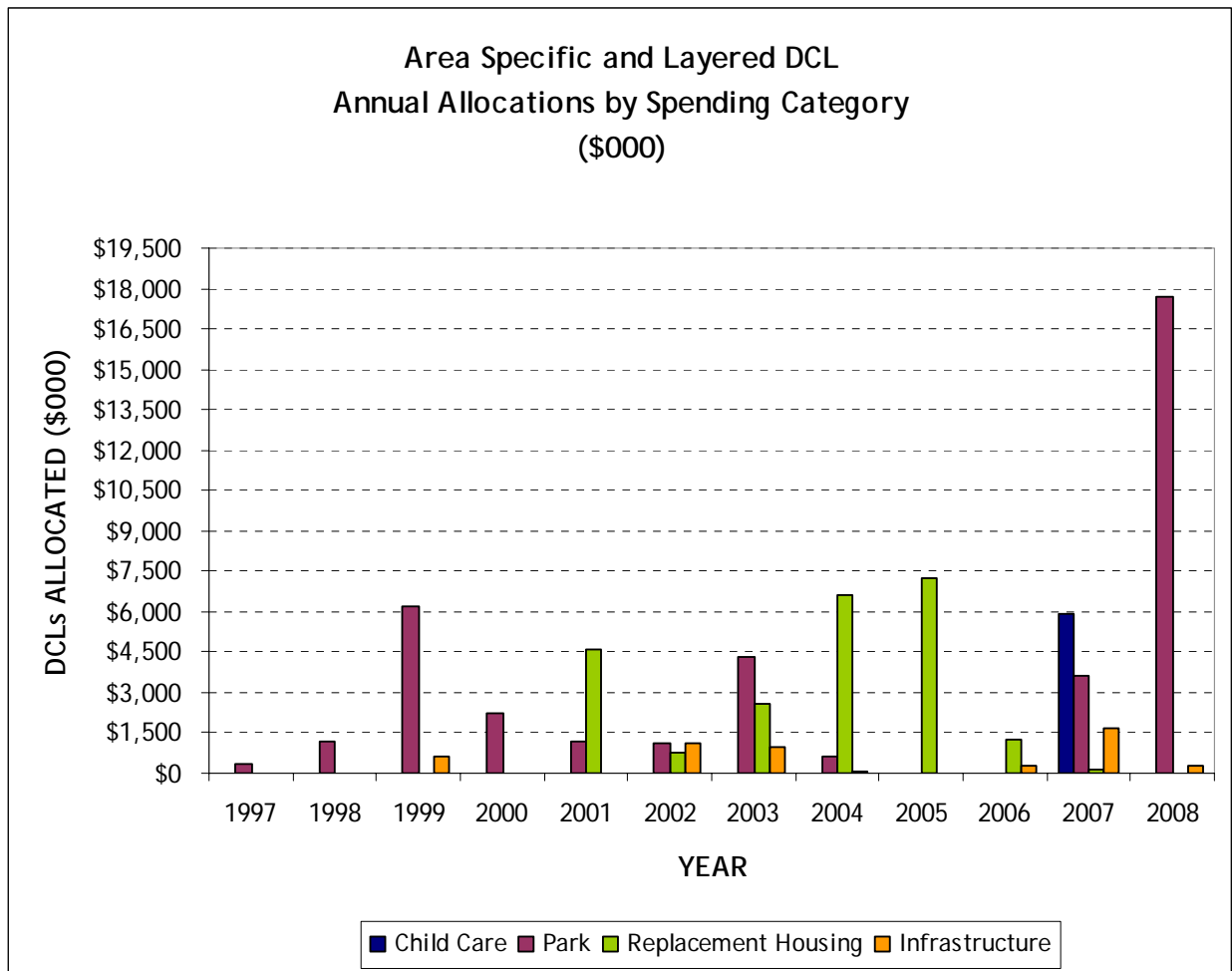
TABLE 8: AREA SPECIFIC AND LAYERED DCL AREA EXPENDITURES BY SPENDING CATEGORY

DCL SPENDING CATEGORY	TOTAL COLLECTED	DCL FUNDS ALLOCATED FOR EXPENDITURE			ALLOCATED AS A % OF TOTAL COLLECTED
		2008	PRIOR TO 2008	TOTAL	

Childcare	\$12,972,554	\$0	\$5,940,000	\$5,940,000	46%
Engineering Infrastructure	\$7,894,170	\$313,246	\$4,757,642	\$5,070,888	64%
Park	\$50,962,135	\$17,558,327	\$20,927,621	\$38,485,948	76%
Replacement Housing	\$31,473,958	\$0	\$23,267,447	\$23,267,447	74%
TOTAL	\$103,302,817	\$17,871,573	54,892,710	\$72,764,283	70%

Figure 4 below shows the annual allocation for expenditure for Area Specific and Layered DCLs by spending category.

FIGURE 4: ANNUAL ALLOCATION OF AREA SPECIFIC AND LAYERED DCLs



4. DCL Waivers and Reductions

Section 592(2)(b)(ii) of the Vancouver Charter allows relief from or variance to DCLs as part of a Heritage Revitalization Agreement.

Section 523D (11.1) of the Vancouver Charter requires that any payment made under Section 193D (5) (d) in relation to the development of a property, that amount must be deducted from the DCL in relation to the development of the property otherwise payable under this section for Replacement Housing. Section 193D (5)(d) refers to single room accommodation (SRA) permits and the ability for the City to establish a fee for the demolition or conversion of an SRA. The Charter also requires that should such a fee be approved, that a separate reserve account be established with the funds to be used to replace the SRA units lost. Council approved the SRA By-law No. 8733 in 2003.

Appendix H contains a list of properties receiving a reduction in DCLs under these sections of the Charter and the amount of the reduction.

FINANCIAL IMPLICATIONS

DCLs are an important financial tool for the City. They help to provide important public facilities and services, and ensure that new development pays their fair share of growth costs. DCL revenue joins with property taxes and other funding to help pay for growth related capital costs. As a financial tool, DCLs are a significant revenue source for the Capital Plan. Since the City introduced DCLs in the early 90's a total of \$212,311,325 has been collected and as of December 31, 2008 a total of \$165,587,654 has been allocated for expenditure. In the 2009-11 Capital Plan, DCL revenue represented 13% of the total capital funding.

CONCLUSION

This report shows Development Cost Levies (DCL) that have been collected and allocated up to 2008 and in 2008, as well as the unallocated DCL balances as of December 31, 2008.

* * * * *

Part XXIV-A — Development Cost Levies

Development cost levies

523D. (1) For the purpose of this section,

"capital project" means

- (a) constructing, altering, expanding or replacing sewage, water, drainage and highway facilities,
- (b) providing and improving park land, and
- (c) establishing day care facilities in premises leased or owned, and acquiring property for such facilities.

(2) Where, in approving a subdivision, the city requires that the mains of the systems referred to in section 292 (1) (e) be of a diameter in excess of that required to service the subdivision, the cost of providing such excess capacity shall be deemed to be a capital project in respect of which a development cost levy may be imposed subject to the provisions of this section.

(2.1) In addition to the capital projects referred to in subsections (1) and (2), Council may impose a development cost levy for the purpose of assisting in providing Replacement Housing in such a manner as it deems appropriate and assisting in providing such housing shall be deemed to be a capital project.

(2.2) For the purposes of this section, **"Replacement Housing"** means housing which Council reasonably anticipates will, as a result of development in the area in which a development cost levy is imposed, be necessary to house persons displaced and unable to afford comparable accommodation in that area and, in anticipating the housing required, Council may look to development anticipated during a 20 year period commencing on the date the by-law imposing the development cost levy is imposed.

(3) The Council may, by by-law, impose a development cost levy in accordance with this section,

(a) in the case of capital projects other than Replacement Housing, where the Council determines that development anticipated to take place in an area designated by it will contribute to the need to provide one or more capital projects in all or part of the area, and

(b) in the case of Replacement Housing, where the Council determines that development anticipated to take place in an area designated by it will contribute to the need to provide Replacement Housing inside or outside the area.

(4) Subject to subsections (10) and (11), the development cost levy shall be imposed on every person entitled to the delivery of a building permit authorizing the construction, alteration or extension of a building or structure or part thereof situate within the area designated by Council.

(5) The cost of a capital project may include

(a) all planning, architectural, engineering and legal costs related to the project, and

(b) the principal and interest on debt incurred to finance the capital project.

(6) The Council may undertake any of the capital projects referred to in subsections (1), (2) and (2.1).

(7) The Council may, from time to time, by by-law, amend the amount of a development cost levy to reflect the changed costs of a proposed capital project or to provide for the effects of inflation.

(8) Subject to subsection (9), a development cost levy imposed by this section shall be a condition of the issuance of a building permit and shall be paid at the time or times a building permit or permits are issued for the development or redevelopment of property in an area to which a by-law applies. For the purposes of this subsection, the Council may define what constitutes development or redevelopment of property, and may provide that, where a development takes place in stages, each stage shall be deemed to be part of the development.

(9) The Council may, in respect of all or different classes of developments, authorize the payment of development cost levies in installments, prescribe conditions under which the installments may be paid and provide that, where not paid, the installment shall be inserted in the real property tax roll as a charge imposed with respect to the parcel or parcels in relation to which the building permit was issued.

(10) No levy is payable under a by-law made under this section

(a) where a parcel of land is, or will be after construction, alteration or extension, exempt from taxation under section 396 (c) (iv),

(b) subject to subsection (10.1), where a building permit authorizes the construction, alteration or extension of a building that will, after the construction, alteration or extension,

(i) contain less than 4 self-contained dwelling units, and

(ii) be put to no other use other than the residential use in those dwelling units,

(b.1) in relation to the construction, alteration or extension of self-contained dwelling units authorized under a building permit if

(i) subject to a by-law under subsection (10.2), each unit is no larger in area than 29 square metres, and

(ii) each unit is to be put to no other use other than the residential use in those dwelling units,

(c) where a by-law imposing a development cost levy on the cost of development exempts repair or renovation work as defined, to such repair or renovation work, or

(d) where a parcel of land, owned by the Federal or Provincial government, the City of Vancouver or a non-profit organization, is or will be, after construction, alteration or extension, used for social housing and, for the purposes of

this paragraph, Council may define what constitutes social housing.

(10.1) A by-law made under this section may provide that a levy is payable under the by-law in relation to a building permit referred to in subsection (10) (b).

(10.2) A by-law made under this section may establish an area for the purposes of subsection (10) (b.1) (i) that is greater than the area otherwise applicable.

(10.3) In subsections (10.4) and (10.5), "**eligible development**" means development that is eligible in accordance with an applicable by-law under this section as being for one or more of the following categories:

- (a) for-profit affordable rental housing;
- (b) a subdivision of small lots that is designed to result in low greenhouse gas emissions;
- (c) a development that is designed to result in a low environmental impact.

(10.4) Subject to a by-law under subsection (10.5), the Council may waive or reduce a levy under this section for an eligible development.

(10.5) For the purposes of subsection (10.4), the Council, by by-law

- (a) shall establish what constitutes an eligible development or a class of eligible development for the purposes of one or more categories of eligible development described in subsection (10.3),
- (b) shall establish the amount or rates of reduction for an eligible development, which may be different for different categories of eligible development described in subsection (10.3) or different classes of eligible development established in the by-law, and
- (c) may establish the terms and conditions that must be met in order to obtain a waiver or reduction under subsection (10.4).

(11) No development cost levy shall be imposed to pay for any capital project, or portion thereof, provided to the city pursuant to a by-law passed pursuant to section 292 or in respect of which an assessment has been imposed pursuant to Part XXIV.

(11.1) If an amount has been paid under section 193D (5) (d) in relation to development of a property, that amount must be deducted from the development cost levy in relation to the development of the property otherwise payable under this section for Replacement Housing.

(12) The by-law that imposes the development cost levy shall set out the basis of the levy and the levy may vary with respect to

(a) different zones or different defined or specified areas,
and

(b) different uses or occupancies and, for the purpose of this subsection, Council may define what constitutes a use, occupancy or unit on such basis as it determines to be appropriate.

(13) The development cost levy may be based on a rate per foot on the length of the longest boundary of the parcel with respect to which the levy is imposed, the number of units, or the number of square feet permitted by the building permit in the development with respect to which the levy is imposed, or on such other basis as Council deems appropriate having regard to anticipated development rights and their contribution to the need for capital projects. The basis of development cost levies may vary for different capital projects. A development cost levy under this Part shall not be based on a percentage of the cost of a development. A development cost levy for any development as shown on an application for a development permit shall not exceed 10% of the value of the development as determined pursuant to the building by-law from time to time in force.

(14) The development cost levy shall be calculated with reference to the information contained on the application for a development permit or to records contained in the Land Title Office. Where development takes place in stages, the total development cost levy shall be

apportioned and paid as each building permit is issued. Subject to the limitation contained in subsection (13), the portion of the levy to be paid on the issuance of each building permit shall, until the total levy is paid, be 10% of the value of the work authorized by the permit as determined pursuant to the building by-law.

(15) The Council shall, on written request, make available to any person subject to the levy the considerations, information and calculations used to determine the basis of a development cost levy, but any information respecting the contemplated acquisition costs of specific properties need not be provided.

(16) A development cost levy shall be deposited in a separate development cost levy reserve fund established for the purposes for which it was levied.

(17) Except for money raised for purposes set forth in subsection (2.1), money in development cost levy reserve funds, together with interest, shall be used only to pay the costs of capital projects that relate directly or indirectly to the development or parcel in respect of which the levy was collected. Payments out of a development cost levy reserve fund shall be authorized by a resolution of Council, and one resolution may authorize a series of payments in respect of any capital project.

(17.1) In relation to a capital project of providing and improving park land, money in a development cost levy reserve fund shall only be used for

- (a) acquiring park land or reclaiming land as park land, or
- (b) providing fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms and playground and playing field equipment on park land.

(18) Notwithstanding subsection (17), if money raised pursuant to a development cost levy exceeds what is necessary to provide the capital projects for which it was raised, the excess shall be set aside and spent on projects to benefit, directly or indirectly, the areas or zones in which the properties with respect to which the levy is imposed are located.

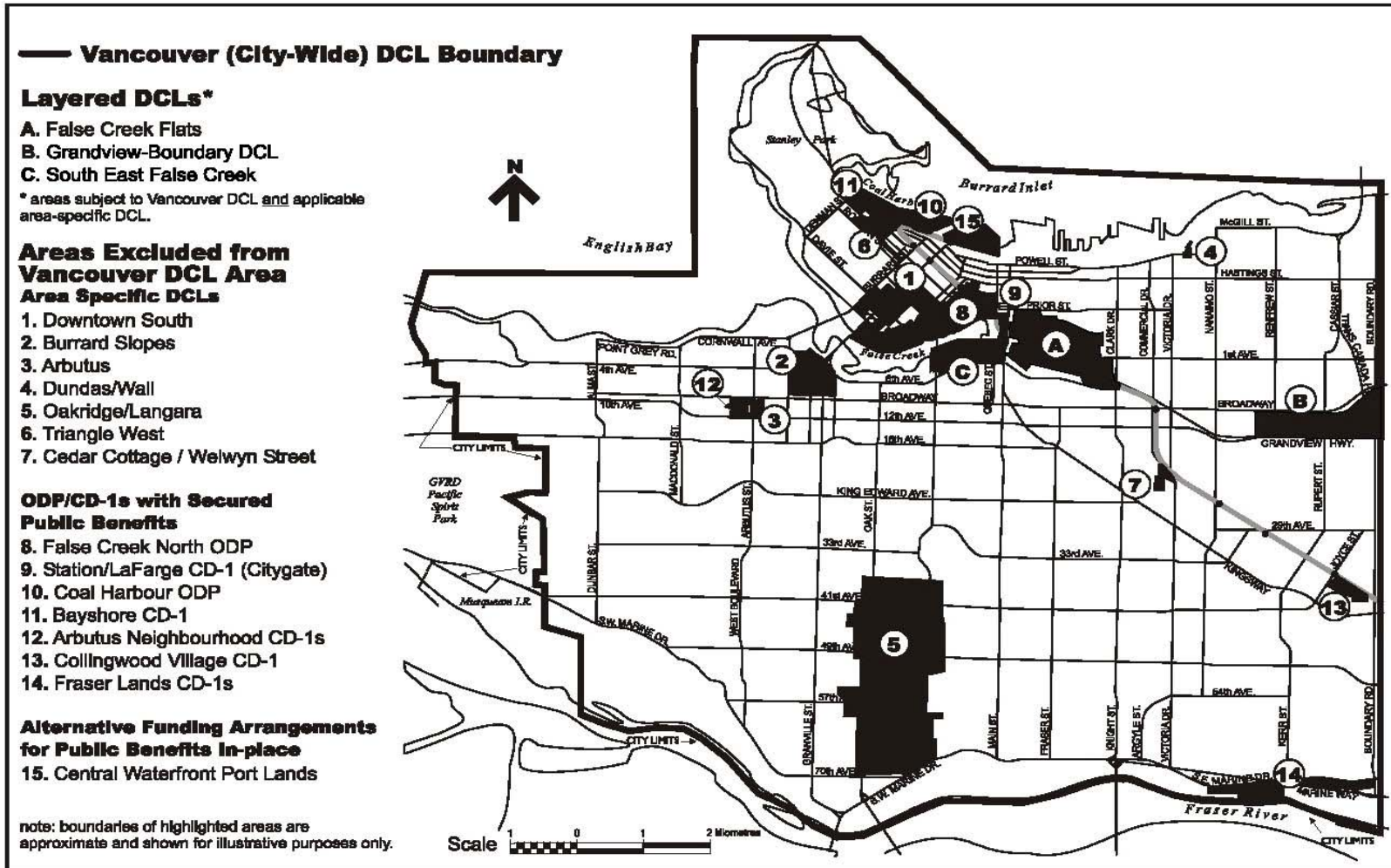
(18.1) In each year,

(a) the Director of Finance must prepare and submit to the Council a report for the previous year that includes the following, reported for each purpose under this section for which the Council imposes the development cost levy in the applicable year:

- (i) the amount of development cost levies received;
- (ii) the expenditures from the development cost levy reserve funds;
- (iii) the balance in the development cost levy reserve funds at the start and at the end of the applicable year;
- (iv) any waivers and reductions under subsection (10.4), and

(b) as soon as practicable after receiving the report, the Council must consider the report and make it available to the public.

(19) Nothing in this section restricts or affects any other power contained in this Act, provided however that the cost of any capital project shall be recovered only once.



Growth-Related Capital Costs & DCL Revenue Estimates

	NET CAPITAL COSTS	PROJECTED DCL REVENUE		MUNICIPAL ASSIST	
	(\$M)	(\$M)	(% of CC)	(\$M)	(% of CC)
<i>City-wide Vancouver DCL</i>	483.00	377.00	78%	106.00	22%
AREA SPECIFIC DCLs					
<i>Downtown South</i>	81.17	58.00	71%	23.17	29%
<i>Burrard Slopes</i>	25.78	18.40	71%	7.38	29%
<i>Dundas/Wall</i>	0.77	0.43	56%	0.34	44%
<i>Arbutus Area</i>	3.61	3.00	83%	0.61	17%
<i>Oakridge/Langara</i>	26.70	15.50	58%	11.20	42%
<i>Triangle West</i>	30.44	12.99	43%	17.44	57%
<i>Cedar Cottage</i>	4.03	3.34	83%	0.70	17%
LAYERED DCLs					
<i>South East False Creek</i>	115.20	81.50	71%	10.80	9%
<i>False Creek Flats</i>	32.60	19.98	61%	12.62	39%
<i>Grandview Boundary</i>	10.30	2.50	24%	7.80	76%
TOTALS	813.59	592.64	73%	198.05	24%

Notes:

The table above shows the estimated net capital costs of providing DCL eligible capital projects by area, the estimation of DCL revenue that will be generated, and the required municipal assist to achieve the public benefits (both in millions of dollars and as a percentage of the total capital costs). In Downtown South and Triangle West the DCL Revenue collected in Table 7 is close to exceeding or has exceeded the DCL revenue estimated for collection. In these cases, the additional revenue is used to reduce the municipal assist or make up for reductions in anticipate revenue from other sources (e.g. social/affordable housing funding from other levels of government).

APPENDIX D
DCL AREAS, DATES OF ESTABLISHMENT, RATES AND ALLOCATIONS
PAGE 1 OF 2

	DATE FIRST ESTABLISHED/ UPDATED*	CURRENT RATE PER SQUARE FOOT		
		RESIDENTIAL (>1.2 FSR) & COMMERCIAL	INDUSTRIAL	RESIDENTIAL =<1.2 FSR
Vancouver City-wide DCL	Jan 2000/ Updated 2003**	\$6.00	\$2.40	\$1.75
Area Specific DCLs				
Oakridge/Langara	Sep 1996	\$3.25	N/A	\$1.75
Cedar Cottage/Welwyn Street	Mar 1998	\$3.25	\$2.00	\$1.75
Downtown South	Jan 1992/ Updated 2006	\$13.00	N/A	N/A
Burrard Slopes	Sep 1994	\$5.00	\$2.00	N/A
Arbutus	Dec 1995	\$4.00	\$1.60	N/A
Dundas/Wall	Jul 1996	\$1.90	\$1.90	N/A
Triangle West	Feb 1998	\$9.36	N/A	N/A
Layered DCLs				
False Creek Flats	May 2001	\$3.00	\$3.00	N/A
Grandview - Boundary	Jul 2002	\$0.50	\$2.00	N/A
South East False Creek	Jun 2006	\$14.50	\$2.20	N/A

*Dates reflect when the DCL rate was approved by Council. Each DCL typically has a grace period (e.g. 12 months) after Council approval, before the new rate becomes effective.

** New DCL Rates for the City-wide area were approved in July 2008 for increase as of January 2010, and a separate review of this rate increase is underway including consultation with stakeholders.

The long-term percentage allocations for each capital project category are established in the Financing Growth Policy for the City-wide DCL area and in the public benefits strategies for the Area Specific and Layered DCLs. DCL By-law for each area establishes how DCL revenue will be distributed among the eligible project categories (i.e. Childcare, Engineering Infrastructure, Parks and Replacement Housing) over the expected growth period. Council can alter the allocations at any time without changing other aspects of the DCL.

Allocations are generally set such that each project category is allocated revenue in equal proportion to its estimated growth costs.

The table below shows the current percent distribution of the City-wide, Area Specific and Layered DCLs based on the DCL By-laws.

	CHILDCARE	ENGINEERING INFRASTRUCTURE	PARK	REPLACEMENT HOUSING
Arbutus	90.3%	9.7%	-	-
Downtown South	13.0%	7.0%	38.0%	42.0%
Oakridge/Langara	-	7.0%	63.0%	30.0%
Burrard Slopes	16.10%	8.5%	71.7%	3.7%
Cedar Cottage	43.0%	9.0%	-	48.0%
Triangle West	14.0%	-	53.0%	33.0%
False Creek Flats	10.0%	63.3%	26.7%	-
Grandview/Boundary	-	90.0%	10.0%	-
Southeast False Creek	-	16.9%	21.6%	61.5%
Dundas/Wall	-	-	-	-
City-wide	5.0%	22.0%	41.0%	32.0%

APPENDIX E
**DETAILED CITY-WIDE, AREA SPECIFIC AND LAYERED DCL
 COLLECTIONS, EXPENDITURES AND BALANCES**
 PAGE 1 OF 1

	COLLECTED			ALLOCATED			UNALLOCATED BALANCE
	Pre 2008	2008	Total	Pre 2008	2008	Total	
AREA SPECIFIC							
Arbutus							
Daycare	\$1,612,964	\$293,219	\$1,906,183	\$0	\$0	\$0	\$1,906,183
Engineering Infrastructure	\$173,264	\$31,497	\$204,762	\$124,366	\$0	\$124,366	\$80,396
Total Arbutus	\$1,786,228	\$324,716	\$2,110,944	\$124,366	\$0	\$124,366	\$1,986,578
Downtown South							
Daycare	\$4,086,982	\$223,970	\$4,310,952	\$0	\$0	\$0	\$4,310,952
Engineering Infrastructure	\$315,264	\$120,599	\$435,863	\$0	\$0	\$0	\$435,863
Park	\$23,180,142	\$654,680	\$23,834,822	\$14,590,042	\$11,108,327	\$25,698,369	(\$1,863,547)
Replacement Housing	\$24,279,805	\$723,594	\$25,003,399	\$18,934,447	\$0	\$18,934,447	\$6,068,952
Total Downtown South	\$51,862,194	\$1,722,843	\$53,585,037	\$33,524,489	\$11,108,327	\$44,632,817	\$8,952,220
Oakridge							
Street (walking) Imp	\$234,499	\$39,946	\$274,445	\$655,900	\$0	\$655,900	(\$381,455)
Park	\$2,110,495	\$359,511	\$2,470,006	\$335,000	\$0	\$335,000	\$2,135,006
Replacement Housing	\$1,004,998	\$171,196	\$1,176,194	\$0	\$0	\$0	\$1,176,194
Total Oakridge	\$3,349,993	\$570,652	\$3,920,645	\$990,900	\$0	\$990,900	\$2,929,745
Burrard Slopes							
Daycare	\$1,154,525	\$34,451	\$1,188,977	\$0	\$0	\$0	\$1,188,977
Engineering Infrastructure	\$529,347	\$151,586	\$680,934	\$999,377	\$0	\$999,377	(\$318,443)
Park	\$5,221,767	\$282,502	\$5,504,269	\$3,602,579	\$0	\$3,602,579	\$1,901,690
Replacement Housing	\$265,326	\$220,489	\$485,815	\$0	\$0	\$0	\$485,815
Total Burrard Slopes	\$7,170,966	\$689,029	\$7,859,995	\$4,601,956	\$0	\$4,601,956	\$3,258,039
Cedar Cottage/Westlyn							
Daycare	\$318,821	\$37,838	\$356,659	\$0	\$0	\$0	\$356,659
Engineering Infrastructure	\$66,730	\$7,920	\$74,650	\$0	\$0	\$0	\$74,650
Replacement Housing	\$355,893	\$42,237	\$398,131	\$0	\$0	\$0	\$398,131
Total Cedar Cottage/Westlyn	\$741,444	\$87,995	\$829,439	\$0	\$0	\$0	\$829,439
Triangle West							
Daycare	\$1,427,412	\$443,674	\$1,871,087	\$0	\$0	\$0	\$1,871,087
Park	\$5,403,775	\$1,679,624	\$7,083,399	\$0	\$0	\$0	\$7,083,399
Replacement Housing	\$3,364,615	\$1,045,804	\$4,410,419	\$4,333,000	\$0	\$4,333,000	\$77,419
Total Triangle West	\$10,195,802	\$3,169,102	\$13,364,905	\$4,333,000	\$0	\$4,333,000	\$9,031,905
False Creek Flats							
Daycare	\$161,759	\$32,586	\$194,345	\$0	\$0	\$0	\$194,345
Engineering Infrastructure	\$1,023,935	\$206,267	\$1,230,202	\$1,078,000	\$313,246	\$1,391,246	(\$161,044)
Park	\$431,897	\$87,004	\$518,900	\$0	\$0	\$0	\$518,900
Total False Creek Flats	\$1,617,591	\$325,856	\$1,943,447	\$1,078,000	\$313,246	\$1,391,246	\$552,201
Grandview Boundary							
Engineering Infrastructure	\$478,066	\$496,433	\$974,499	\$0	\$0	\$0	\$974,499
Park	\$53,118	\$55,159	\$108,278	\$0	\$0	\$0	\$108,278
Total Grandview Boundary	\$531,184	\$551,593	\$1,082,777	\$0	\$0	\$0	\$1,082,777
SOUTHEAST FALSE CREEK (SEFC)							
Daycare	\$2,911,835	\$232,516	\$3,144,351	\$5,940,000	\$0	\$5,940,000	(\$2,795,649)
Engineering Infrastructure	\$3,721,636	\$297,180	\$4,018,815	\$1,900,000	\$0	\$1,900,000	\$2,118,815
Park Land	\$10,596,324	\$846,137	\$11,442,461	\$2,400,000	\$6,450,000	\$8,850,000	\$2,592,461
Total Southeast False Creek	\$17,229,795	\$1,375,833	\$18,605,627	\$10,240,000	\$6,450,000	\$16,690,000	\$1,915,627
CITY WIDE							
City Wide							
Daycare	\$5,557,762	\$956,122	\$6,513,884	\$3,157,742	\$3,375,000	\$6,532,742	(\$18,858)
Engineering Infrastructure	\$16,230,075	\$4,206,936	\$20,437,011	\$9,702,485	\$6,328,037	\$16,030,522	\$4,406,489
Park	\$39,157,450	\$7,840,199	\$46,997,648	\$22,649,403	\$19,730,597	\$42,380,000	\$4,617,648
Replacement Housing	\$28,940,787	\$6,119,179	\$35,059,966	\$17,009,518	\$10,870,588	\$27,880,106	\$7,179,860
Total City Wide	\$89,886,073	\$19,122,436	\$109,008,509	\$52,519,149	\$40,304,221	\$92,823,370	\$16,185,139
TOTAL - ALL AREAS	\$184,371,270	\$27,940,055	\$212,311,325	\$107,411,859	\$58,175,795	\$165,587,654	\$46,723,670

DCL funds are used to assist the City in providing growth-related capital projects in a variety of ways:

- Childcare projects focus on the delivery of new childcare facilities. Costs can involve land acquisition and/or construction costs. A number of these projects are cost shared initiatives with the provincial government or other funding partners.
- In the City-wide DCL, infrastructure projects cover transportation-related work including pedestrian improvements such as new sidewalks and curb ramps, greenways, cycling improvements, arterial transit and safety improvements, and streetcar implementation. In other DCL areas, infrastructure projects such as water, sewer and drainage are also funded by DCLs.
- Replacement housing revenues are used to acquire sites and existing residential buildings, and also provide capital grants for the construction and renovation of affordable housing. A number of these projects are cost shared initiatives with the provincial government or other funding partners.
- Park projects typically include new park land acquisition and development, as well as upgrading and improving existing parks.

Examples of DCL-funded capital projects are provided in the table below. These projects reflect the variety of growth-related capital projects made possible with the assistance of DCL revenue. Example projects are drawn from the City-wide, Area Specific, and Layered DCL areas. The year accompanying the project name refers to the date of Council approval of the DCL expenditure, not the year completed.

Childcare		
<i>Project</i>	<i>DCL Funding</i>	<i>Details</i>
Southeast False Creek (SEFC) (2007)	\$5,940,000	First of three 69-space childcare centres planned within the SEFC ODP area
#1 Kingsway (2005)	\$3,200,000	Develop a 6,800 SF childcare facility with 49 new childcare spaces in the new Mount Pleasant Community Centre.
Woodwards (2005)	\$1,665,000	37-space childcare facility to be included in Woodward's Project.
Mount Pleasant/Simon Fraser (2008)	\$175,000	Childcare facility.
Champlain Heights (1999)	\$574,742	Develop a licensed 25-space out-of-school child development centre and a 20 space licensed preschool for 80 children, as a component of the Champlain Heights Community Centre.
Learning Tree (2004)	\$795,000	Development of a City-owned, 69-space childcare development hub. Cost shared initiative with provincial government.
Little Mountain Neighbourhood House (2005)	\$150,000	Construction of a new childcare facility in the Little

		Mountain Neighbourhood House. Cost shared initiative with BC's Community Development Initiative.
Transportation		
<i>Project</i>	<i>DCL Funding</i>	<i>Details</i>
Bicycle improvements	\$850,000	Includes various improvements to the bike network and bicycle signals
Downtown streetcar	\$2,025,000	Includes design, studies and replacement of track infrastructure between Granville Island and the 2nd Avenue Canada Line Station
Arterial transit and safety improvements	\$5,685,522	Includes various arterial road improvements such as Cambie Canada Line reconstruction, left turn bays, Kingsway at Knight Neighbourhood Centre improvements and Downtown Transportation Plan implementation
Greenways	\$5,250,000	Various City-wide greenways including Central Valley and Carrall Street Greenways
Pacific Press site development	\$999,377	Creation of a new 5 th Ave. between Hemlock and Granville
Parks		
<i>Project</i>	<i>DCL Funding</i>	<i>Details</i>
New parks (acquisition and development)	\$53,500,000	Includes: <ul style="list-style-type: none"> • Downtown South parks (Emery Barnes and Yaletown Parks) - \$25.6 million • Southeast False Creek parks - \$13.6 million • Burrard Slopes park (future) - \$3.6 million • Parks in City-wide DCL area - Ebisu Park, additions to McGill Memorial South and Renfrew Ravine parks - \$10.6 million
Park improvements	\$16,300,000	Includes: <ul style="list-style-type: none"> • Everett Crowley Park • Hillcrest Park • John Hendry Park • Killarney Park • Nelson Park • Oak Park • Oak Meadows Park

		<ul style="list-style-type: none"> • Oppenheimer Park • Sunset Park • Tecumseh Park • Tisdall Park • Victoria Park • Playgrounds (various locations) • Grass playing fields (various locations)
Synthetic turf playing fields	\$8,900,000	<ul style="list-style-type: none"> • Two fields completed (Kerrisdale Park/Point Grey Secondary School and Vancouver Technical School) • Two fields underway (Trillium Park site in False Creek Flats)
Replacement Housing		
<i>Project</i>	<i>DCL Funding</i>	<i>Details</i>
1261 Granville Street - The Granville Residence (2003/2004)	\$6,879,800	Acquisition of the Granville Hotel SRO and its renovation to create 82 self-contained non-market housing units and two retail units. DCLs funded all the costs of this project.
1299 West Hastings - C-Side (2001/2003)	\$4,333,000	DCLs used to fund the 171 unit market-rental component of a mixed non-market/market project. The market units will become non-market over time as the mortgage used to cover the rest of the project costs is paid off.
Woodwards Non-Market Housing (2008)	\$4,000,000	DCLs used to fund part of the City's \$7 million contribution to the 200 non-market units in the Woodward's project. The rest of the non-market costs are being covered by funding from senior governments.
1601 West 7 th Ave (2005/2006)	\$3,034,518	DCLs used to purchase the land as the City's contribution to a 62-unit non-market housing project - one of the 12 sites being developed as supportive housing by the City and Provincial partnership.
1700 Kingsway (2008)	\$2,812,500	DCLs used to purchase a site for a future non-market housing project.

Properties receiving a reduction in DCLs under Section 592(2)(b)(ii) of the Vancouver Charter (Heritage Revitalization Agreements) are listed below.

Address	DCL area	Reduction	By-law	Full DCL	DCL paid	Date paid
7400 Oak St	Oakridge/Langara	by \$247,000.00	7721	\$572,917.15	\$240,768.45	16-Jun-03
					\$85,148.70	14-Mar-03
55 E Cordova	Vancouver	\$64.58 to \$0.11/m2	8829	\$103,557.15	\$176.36	1-Oct-04
654 E Georgia	Vancouver	\$26.91 to \$0.11/m2	8250	\$7,131.15	\$29.15	21-Sep-00
500 Granville *	Vancouver	\$43.06 to \$0.11/m2	8577	\$51,043.33	\$130.40	28-Apr-04
610 Granville	Vancouver	\$26.91 to \$24.37/m2	8523	\$1,013,995.71	\$918,285.97	23-Jun-03
1411 W 11th	Vancouver	\$26.91 to \$0.11/m2	8688	\$28,002.01	\$114.46	19-Aug-03
1477 W 15th	Vancouver	\$43.06 to \$0.11/m2	8771	\$192,554.85	\$491.90	27-Feb-04
977 W 8th	Vancouver	\$64.58 to \$26.91/m2	8787	\$61,466.60	\$25,612.67	15-Sep-04
100 W Cordova	Vancouver	\$64.59 to \$0.01/m2	9269	\$5,218,549.05	\$807.95	1-Nov-06
				\$56,064.12	\$8.68	5-Jul-07
TOTAL				<u>\$7,305,281.12</u>	<u>\$1,271,574.69</u>	

* address changed from 640 W Pender

The following three properties have received reductions in DCLs under Section 523D (11.1) (Single Room Accommodation Conversion/Demolition) of the Vancouver Charter:

806 Richards Street- \$165,000 reduction in DCL payment

909 Richards Street - \$40,000 reduction in DCL payment

210 Carrall Street - \$2,180 reduction in DCL payment