



ADMINISTRATIVE REPORT

Report Date: June 20, 2011
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Meeting Date: June 30, 2011

TO: Standing Committee on City Services and Budgets
FROM: Director of Planning and Director of Finance
SUBJECT: 2010 Annual Report on Public Benefits Achieved Through Approvals of Additional Density

RECOMMENDATION

THAT Council receive this report for information.

COUNCIL POLICY

Relevant Council policies include:

- Council priorities that relate to CAC benefits achieved through rezonings: affordable housing; safe and inclusive communities; environment and sustainability; and creative and growing economy
- “Accounting for Density” Council motion (2010)
- 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)
- Heritage Policies and Guidelines (1989, last amended 2002)
- Public Art Policies and Guidelines (1994)
- Transfer of Density Policy and Procedure (1993, last amended 2010)

PURPOSE

This report is submitted for Council’s information as part of a larger effort to improve the planning, allocation and financing for public benefits in alignment with the City’s long term

financial plan. It also responds to the “Accounting for Density” Council motion of July 8, 2010. The motion directed staff to report back annually on the additional density approved each year, showing the financial implications to the City and the public benefits achieved. This first annual report relates closely to the annual report on [“Development Cost Levies: Collection, Allocation, and Remaining Balance”](#) which accounts for levies collected from all new development in 2010 and together they provide a more comprehensive picture on the value and nature of public benefits.

SUMMARY

This report focuses on all approvals of additional density occurring in 2010 by type and value of public benefits achieved in 2010.

In 2010, there were 23 market project approvals of additional density resulting in a net increase of 2.2 million sq.ft. These market project approvals secured approximately \$27 million in public benefit commitments. Approvals of not-for-profit projects (not included in the \$27 million) amounted to 116,000 sq.ft. of additional density and a number of significant public benefits (e.g. 405 units of social, supportive, and low-income housing). Most of these approvals (both market and not-for-profit) resulted from rezoning approvals, with a smaller number achieved through bonusing approvals. Approvals of additional density occur infrequently, representing only 2% of overall development permits issued in 2010. The vast majority of new development is approved within existing zoning. See Appendices A and B for a complete list of market and not-for-profit approvals in 2010.

This report provides a city-wide context for development-related contributions toward public benefits. Public benefits from new development are provided by CACs and bonusing from approvals of additional density, and by Development Cost Levy (DCL) revenue from all new development. Combined, these sources provide a more complete picture of public benefit contributions from new development. In 2010, the \$27 million from CACs/bonusing compares to the \$31 million in DCL revenue. However, contributions from new development still represent a small portion of overall spending towards public benefits through the Capital Plan. The Capital Plan is the main tool for allocating available funding for city-wide public benefits. Staff found that in the 2009-2011 Capital Plan DCL revenue accounted for 19% of allocations toward public benefits, with the majority of funding supported by debenture borrowing and capital from revenue both supported by property tax. This report allowed staff for the first time to compare annual contributions resulting from approvals of additional density with other funding to show that contributions from new development are a significant and growing component of meeting the public benefit needs of Vancouver.

BACKGROUND

Vancouver has had a long history of achieving a comprehensive array of public benefits through our planning and redevelopment processes. Public benefits from new development contribute significantly to the sustainability and livability of Vancouver. Public benefits are capital facilities and services that improve social and physical well-being of city residents. They include parks, community centres, libraries, cultural facilities, daycare facilities, heritage conservation, affordable housing and public realm improvements.

The primary tool to create additional density is rezoning. This means existing zoning is changed to allow greater density or a conversion of uses (e.g. commercial converted to residential use). Additional density creates new demands for city facilities that can create additional value so the city developed rezoning policy that seeks Community Amenity Contributions (CACs) for most rezonings. Bonusing, which allows additional density to be approved within existing zoning, is discussed more fully in the body of this report.

Public benefits are funded through the following sources:

- **City Capital Funding:** The City's tax-supported Capital Fund is the main funding source for public benefits, which includes debenture and pay-as-you-go. Through the Capital Plan, Council prioritizes the City's needs for maintaining, improving and adding public facilities and infrastructure.
- **Development Cost Levies (DCLs):** DCLs are charged on all new development. They are applied on a square foot basis and are payable at Building Permit issuance. DCL allocations to public benefits are limited by the Vancouver Charter to be only used to pay toward parks, childcare, non-market housing, and engineering infrastructure.
- **Community Amenity Contributions (CACs):** CACs are contributions toward public benefits provided by new development as part of rezoning approvals. They are payable at enactment of new zoning. CACs are offered by developers as in-kind or cash contributions. CAC allocations are not limited by the Vancouver Charter, and as a result are applied toward a wider range of public benefits than DCLs.
- Contributions from senior government and other external funding partners.

See Appendix C for more details on DCLs and CACs.

Improved recording of additional density approvals and public benefits support the City's objective of providing more open and transparent civic government. In late 2010, staff developed a new format to record public benefits in all Council reports dealing with rezoning approvals. This aligns with a wider effort to improve the planning, allocation and financing for public benefits, especially with regard to capital spending. This first annual summary of public benefits provided by additional density approvals utilizes the improved recording format.

There are a number of advantages to providing a more comprehensive picture of public benefits from new development in relation to the City's overall capital spending. This report responds to industry stakeholders who have asked for better reporting on the benefits of which they have contributed. Residents and community groups also have an interest in better understanding how new development contributes towards public benefits, especially from rezoning. Coordinated reporting also provides staff with better information to assist in negotiations regarding public benefits.

DISCUSSION

This section of the report is divided into three parts:

- 1) Approach and Methods for the Annual Report
- 2) Analysis of Public Benefit Contributions by Type and Value
- 3) Relationship to Overall City Spending on Public Benefits

1) Approach and Methods for the Annual Report

This report addresses all additional density approvals from January to December 2010. To identify the public benefits achieved from additional density, staff reviewed all rezoning and development applications where existing density thresholds were exceeded and where conversions of land use took place.

Rezoning records are based on approvals at Public Hearing, while density bonus records are based on approvals at Development Permit Board. These approvals are all contained in publicly accessible reports available on the City's website (www.vancouver.ca).

New developments with additional density approvals are divided into two categories: market projects and not-for-profit projects. The public benefits from market developments are reported by type (e.g. housing, heritage, etc.) and the estimated dollar value. Public benefits from not-for-profit projects do not include estimated dollar values. They are reported by type and quantity (e.g. number of affordable housing units, square feet of non-profit office space).

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 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. See Appendix D for more details on the heritage transfer of density system or see the [Transfer of Density Program](#) web page.

Public art contributions are included as a public benefit because these contributions are not reported elsewhere and they are associated with approvals of additional density (rezonings). These contributions differ from other types of negotiated public benefits because Public Art policy specifies a per square foot contribution from large rezoning applications.

Results of this annual report may vary significantly from year-to-year due to the unpredictable nature of rezoning applications and approvals. Approval of major projects will have a major influence on both the amount of density and the value of public benefits contributed in a single year. However, over time this report will form a basis for layering historical data to provide better information on trends, allowing for a better ability to manage and allocate future public benefit contributions. This annual report is not a financial statement for the City. This is because contributions to public benefits from 2010 additional density approvals are realized at rezoning enactment or when a project completes and the on-site benefit is delivered; and not all public benefits are under City ownership (e.g. rental housing achieved under the [Short Term Incentives for Rental Housing](#) Program).

This report does not include on and off-site engineering infrastructure provided by new development (e.g. water, sewer, drainage and new streets).

As this is a first annual report, staff are seeking input from both stakeholders and direction from Council to improve reporting in future years.

2) Analysis of Public Benefit Contributions

This section provides an analysis of the public benefit contributions in 2010 from market and not-for-profit projects where additional density was approved.

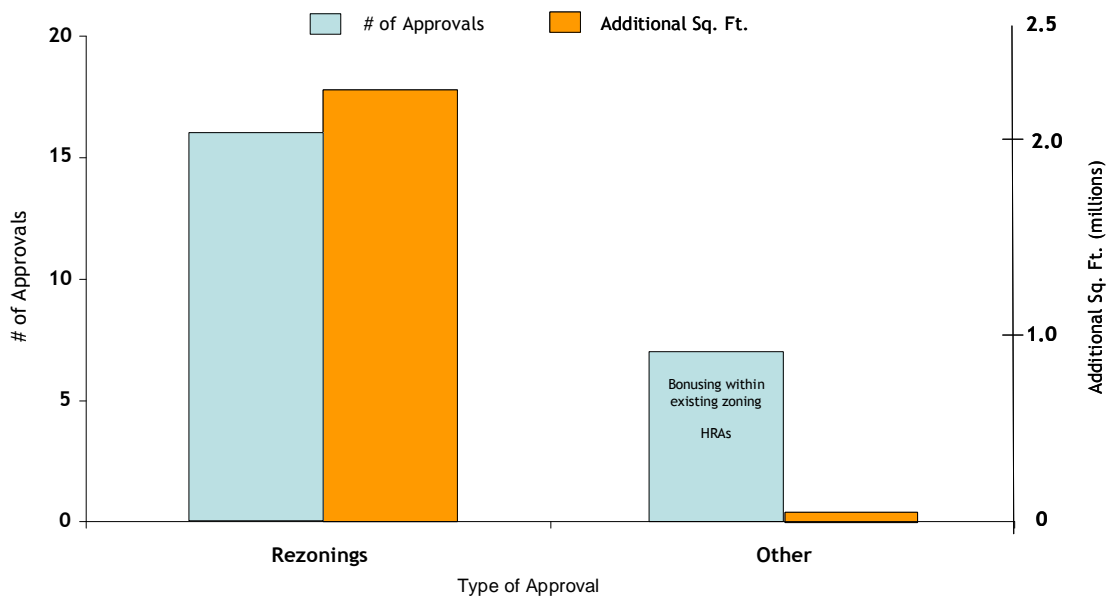
a) Market Projects

In 2010, there were 23 market project approvals resulting in 2.2 million sq.ft. of additional density (see Appendix A for project details). Approximately 70% of additional density approvals made public benefits contributions. The remaining 30% did not as they were either exempt from CACs or the approval involved a conversion in land use that did not result in a CAC (e.g. rezoning created no additional value).

Approvals of additional density occur infrequently. In 2010, there were over 1,100 development permits issued within existing zoning. The 23 approvals of additional density (rezoning/bonusing) represent only 2% of this number. The vast majority of development in the city occurs within existing zoning, meaning that the density, land use, height, bulk, floor area and design of development conforms to existing zoning regulations.

As shown in Chart 1, rezonings were the most common type of additional density approval in 2010. Rezonings accounted for 70% of additional density approvals and over 95% of the additional square feet approved in 2010. See Appendix E for a detailed description of additional density approval mechanisms.

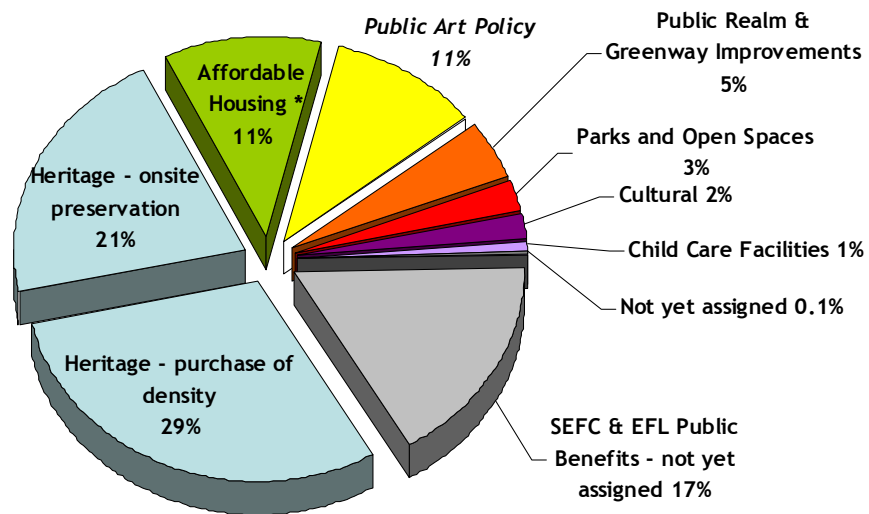
**Chart 1:
Approvals by Type and Additional Sq.Ft.**



The majority of the 2.2 million sq.ft. of additional density approved in 2010 came from the rezoning in the East Fraserlands (EFL) which accounted for nearly 1.7 million sq.ft. or almost 75% of all additional floor area approved in 2010. In any given year, the amount of additional floor area approved is expected to vary depending on the type of projects approved. Major project rezonings like EFL occur infrequently. Most rezonings in 2010 were projects with smaller increases in floor area.

In 2010, there were 23 approvals of additional density resulting in contributions totaling nearly \$27 million towards public benefits. Shown in Chart 2 is the value of market project approvals grouped by public benefit category. The chart shows that heritage, through on-site preservation and purchase of density, was the largest public benefit category in 2010. Approximately 50% of the overall public benefit value approved in 2010 was related to heritage projects (\$13.8 million). One-third of all approvals included heritage (along with other public benefits in several cases).

Chart 2:
 2010 Approvals of Additional Density
 Market Projects - Allocation by Public Benefit Category



Total = \$27M towards Public Benefits

* Not for profit projects excluded

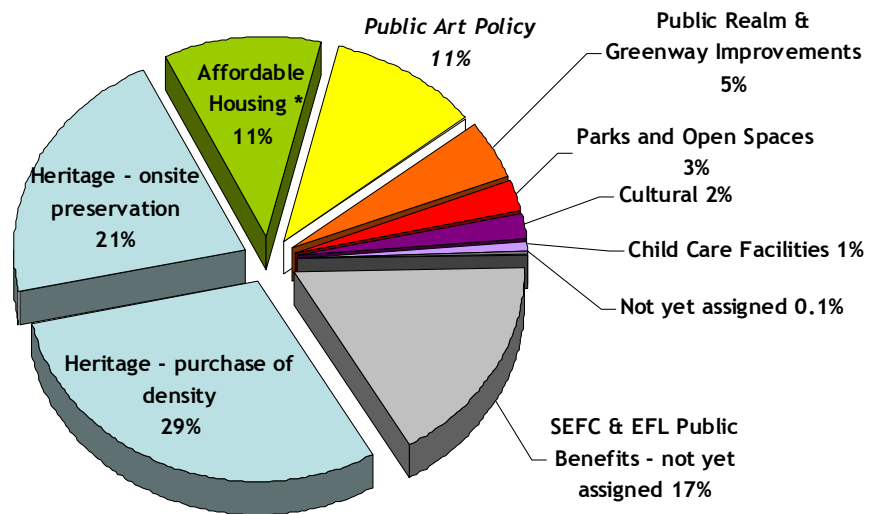
Note: SEFC & EFL are acronyms for Southeast False Creek and East Fraserlands
 Source: City of Vancouver rezoning and development permit board approvals (2010)

Purchase of heritage density accounted for 29% of overall public benefit value which reflects Council’s priority to draw down the inventory of transferable density and hold on the creation of new transferable density. While the majority of transferable density in the density bank is from heritage projects, there is also some density from projects involving amenity spaces. See Appendix D for the heritage transfer of density system detail or the [Transfer of Density Program](#) web page.

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After heritage, Chart 2 shows the next largest public benefit recipient was affordable housing at 11%. Affordable housing commitments were made as cash contributions resulting from two rezoning approvals in Southeast False Creek (SEFC). Also included is one market rental project approved under the [Short Term Incentives for Rental Housing](#) (STIR) program that encourages new multi-residential rental housing units secured for the life of the building. Affordable housing units committed from not-for-profit approvals of additional density are not included.

Public art commitments are the third largest recipient resulting from four rezoning approvals. Public art differs from other public benefits in that participating rezonings make a specified per square foot contribution.

Chart 2 also shows a variety of other public benefit achievements ranging from public realm/greenway improvements to parks and open spaces, and from childcare to cultural facilities. The chart includes public benefit contributions dedicated to SEFC and EFL that have not yet been allocated to specific categories.

b) Not-for-Profit Projects

There were four approvals of additional density within not-for-profit projects in 2010, resulting in a variety of public benefit achievements summarized in Table 1 and detailed in Appendix B.

In addition to affordable housing contributions approved within market developments, 405 units of affordable housing was achieved in not-for-profit project approvals. One example is 675 East Broadway where 103 social housing units, along with a youth resource centre, are provided. This is one of fourteen sites where the city and province are partnering to provide affordable housing. Affordable housing achievements in not-for-profit projects included a unit mix of supportive housing, social housing, and low income seniors housing. Not-for-profit developments are different than market projects in that the public benefit contributions are integral to the overall development and not the result of additional density. Because of this, public benefit values from not-for-profit projects are not directly comparable to market projects.

Also included in not-for-profit projects, Council approved a neighbourhood house improvement, the addition of two community resource centres, and 6,700 sq.ft. of non-profit office space.

**Table 1:
Not-for-profit Projects - Public Benefit Contributions by Type and Amount (2010)**

Category/Type	Amount
Affordable Housing	Social Housing 249 units Supportive Housing 141 units Low income Seniors Housing 15 units Total 405 units
Cultural / Social	1 neighbourhood house improvement 2 youth resource centre improvements
Heritage	1 retained heritage building
Other	6700 sq.ft. of non-profit office space
TOTAL (additional sq.ft.)	116,273 sq.ft.

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

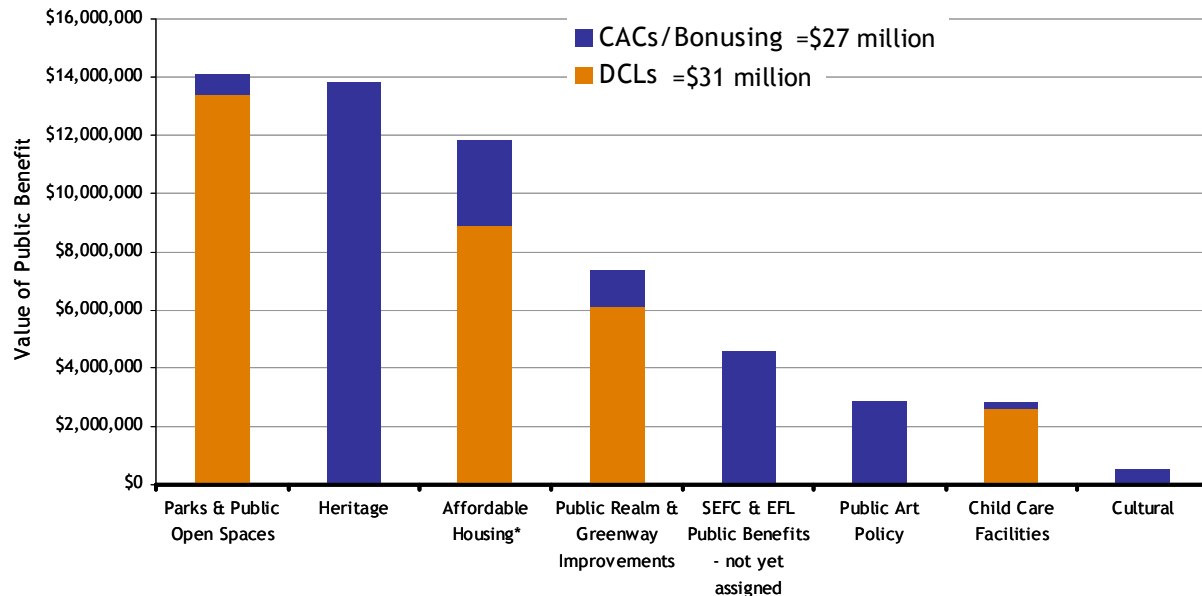
3) Relationship to City-wide Public Benefit Allocation and Spending

This section puts public benefits achieved through approvals of additional density into a city-wide context of public benefit allocation and spending. The following discussion draws on a variety of information about public benefits to illustrate the significance of development-related contributions in Vancouver.

New Development Contributions towards Public Benefits

New development contributes toward public benefits in two key ways. First, contributions are secured from approvals of additional density (CACs/bonusing). Second, DCLs are collected from all new developments. To show the relationship between these two contributions towards public benefits, the total value and the allocation of public benefit contributions are presented in Chart 3.

**Chart 3:
2010 Value of Public Benefits from DCLs & CACs/Bonusing¹**



* Not for profit excluded

Source: City of Vancouver rezoning and development permit board approvals (2010), City of Vancouver DCL tracking database

Chart 3 shows an overall value of approximately \$58 million for public benefits secured from new development in 2010 (from DCLs and CACs/bonusing). Combining the two sources of development contributions shows parks and open spaces, heritage, and affordable housing as the top three categories, closely followed by public realm/greenway improvements.

Chart 3 also illustrates the effect of legislative constraints on DCL allocation, as compared to the greater flexibility in assigning CACs, and it shows how some public benefit categories, especially heritage conservation and public art, rely on additional density approvals as a main source of funding.

It is important to note that there are differences in timing between the two sources of development contributions shown in Chart 3. The value of DCL contributions represents the actual revenue collected in 2010. The value of CAC/bonusing contributions are not realized until rezoning enactment (for cash contributions) or until project completion (for in-kind contributions). This timing can vary from months to years depending on the nature of the project.

In 2010, 45% (\$12 million) of CAC/bonusing public benefits were secured as 'cash' contributions to be applied to off-site facilities in the surrounding community. The remaining 55% (\$15 million) were made 'in-kind', meaning that they will be included on-site when the

¹The term "CACs/bonusing" used in Chart 3 refers to contributions from rezonings as well as contributions resulting from bonusing, heritage conservation and public art policy.

new development is constructed. Examples of in-kind contributions include on-site heritage restoration and affordable rental housing.

Chart 3 does not include the value of public benefits from non-for-profit development, which are also important contributions to the city’s livability and sustainability.

City-wide Context for Provision of Public Benefits

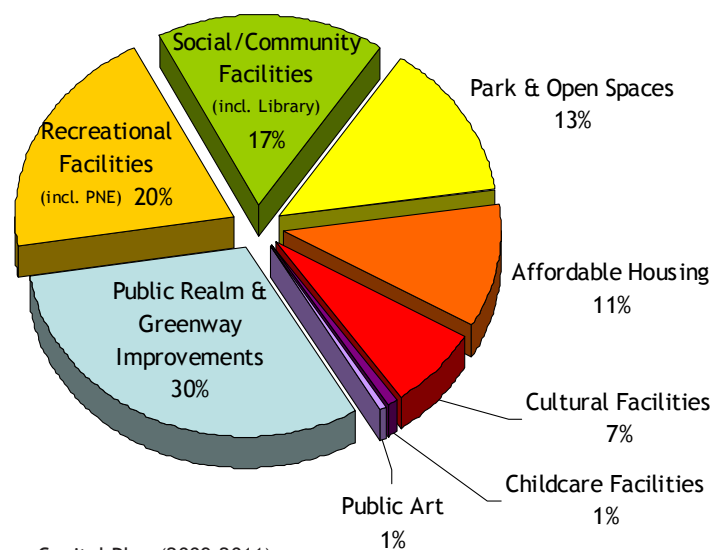
In response to the Council motion of July 8, 2010, staff took a broader perspective on overall City spending towards public benefits and compared development contributions to other funding sources in the City’s current Capital Plan (2009-2011).

To put development-related public benefit contributions into perspective staff reviewed the current Capital Plan (2009-2011). The 3-year Capital Plan is the primary tool for Council to prioritize spending for city-wide public benefits and infrastructure. Key funding sources include: debenture and pay-as-you-go funding, which is mainly supported by property tax; development contributions; as well as contributions from senior governments and external funding partners. New development has been supplementing the Capital Plan since the 1990’s when DCLs were first introduced. Since then, DCLs have become an increasingly significant component of the Capital Plan. DCL contributions have almost doubled from the 2006-2008 Capital Plan.

Of the \$667 million in the 2009-2011 Capital Plan, staff have identified \$390 million in allocations toward the categories of public benefits included in this report. The remaining \$277 million represent allocations toward utility infrastructure (e.g. water, sewer and energy), fire and police facilities, and other corporate systems (e.g. information technology).

Chart 4 shows the distribution of the \$390 million of Capital Plan allocations to public benefits by combining DCL funding for public benefits with all other funding sources.

**Chart 4:
Capital Plan (2009-2011) - Allocations towards Public Benefits**



Source: Extract from City of Vancouver Capital Plan (2009-2011)

TOTAL = \$390M towards public benefits

Chart 4 shows a significantly different distribution of public benefits than shown in Charts 2 and 3. This look at city-wide provision of public benefits through the Capital Plan shows the top three categories as: Public Realm/Greenways (30%), Recreational Facilities (20%), Social/Community Facilities (17%).

Of the \$390 million allocated to public benefits, 19% is funded by DCLs. CACs are not typically factored into capital plans because rezonings are unpredictable and in-kind contributions (e.g. childcare facility within a new development) are not included in these spending plans. As a result, the sum of development-related public benefits from both DCLs and CACs/bonusing are greater than the 19% capital plan share. For example, the 2010 public benefits from approvals of additional density (i.e., \$27 million) add to what is typically included in the Capital Plan, noting that 50% of this value was attributed to heritage.

The value of contributions from approvals of additional density may vary significantly from year-to-year due to the nature of rezoning applications and approvals. However, over time this report will form a basis for layering historical data to provide better information on trends, allowing a better ability to manage and allocate future public benefit contributions.

FINANCIAL IMPLICATIONS

With growth in the city comes the need to provide additional public benefits and services. To meet these needs without affecting current levels of service, new facilities are needed. New developments contribute significantly to the provision of growth-related benefits and affordable housing, and relieve what would otherwise fall to property tax to support. Since the inception of DCLs in the city, nearly \$290 million of DCLs has been collected to help pay for growth-related facilities.

In 2010, contributions from market projects resulted in approximately \$27 million secured (in-kind or cash) from approvals of additional density. Not-for-profit projects (not included in the \$27 million) adjoin to the public benefits secured from additional density approvals. In 2010, they accounted for 405 units of social, supportive and low-income seniors housing along with other public benefits including two resource centres and non-profit office space.

The financial significance of development contributions as a whole (from DCLs and CACs) has increased in recent years. Development contributions towards the Capital Plan have been increasing steadily, almost doubling in value from the previous Capital Plan (2006-2008). Staff anticipate that the financial significance of development-related funding for public benefits will continue to grow.

COMMUNICATIONS PLAN

Staff maintains a contact list of all stakeholders involved with, and interested in, development-related funding and policy. City Clerks notifies this list of stakeholders to inform them of this report and where they can review it online prior to the Council meeting. In addition to the standard notice given by City Clerks, staff also notifies local industry groups (Urban Development Institute, National Association of Industrial and Office Properties, Greater Vancouver Homebuilders Association) as well as community groups interested in local

planning issues, so that notice of this report can be communicated with its members. Notices are also posted on the City's [Financing Growth](#) website.

CONCLUSION

This report focuses on all approvals of additional density occurring in 2010 by type and value of public benefits achieved in 2010. This report provides a city-wide context for development-related contributions toward public benefits. By combining CACs (and contributions from other forms of approving additional density) along with DCLs, a more complete picture of public benefit contributions from development is provided. The Capital Plan is the main tool for allocating available funding for city-wide public benefits. This report allowed staff for the first time to compare annual contributions resulting from approvals of additional density with other funding to show that contributions from new development are a significant and growing component of meeting the public benefit needs of Vancouver.

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Appendix A: Market Projects - Approvals/Conversions of Additional Density in 2010 *

#	Address	Local Area	Approval Type	Density increase (net sq.ft. increase)	Public Benefit(s)	Total Public Benefit Value (\$)
1	1304 Hornby Street	Downtown	Rezoning	89,222	Heritage - purchase of density Child Care Facility Public Art Public Realm and Greenway Improvements	\$ 7,901,699
2	15 East 2nd Avenue	Mount Pleasant (SEFC)	Rezoning	202,959	Heritage - onsite preservation Housing - non-market rental	\$ 7,135,928
3	3151 E Kent Av North	Killarney (EFL)	Rezoning	1,689,754	Contribution towards EFL Public Benefit Strategy (<i>not yet assigned</i>) Public Art	\$ 3,883,193
4	140 West 1st Avenue	Mount Pleasant (SEFC)	Rezoning	37,847	Contribution towards SEFC Public Benefit Strategy (<i>not yet assigned</i>) Housing - non-market rental Public Art	\$ 3,699,903
5	1569 West 6th Avenue	Fairview	Rezoning	26,787	Parks and Open Spaces Cultural Heritage - purchase of density	\$ 1,576,000
6	1777 West 7th Avenue	Fairview	Development Permit Bonus	17,852	Heritage - purchase of density	\$ 1,160,380
7	1138 Granville Street	Downtown	Rezoning	19,923	Housing - market rental (STIR)	\$ 878,000
8	3333 Main Street	Riley Park	Rezoning	1,671	Parks and Open Spaces	\$ 450,000
9	356 West 11th Avenue	Mount Pleasant	HRA	1,497	Heritage - onsite preservation	\$ 97,305
10	2908 West 33rd Avenue	Dunbar-Southlands	Rezoning	12,636	Unallocated Funds	\$ 37,911
11	745 Thurlow Street	West End	Rezoning	18,178	Public Art	\$ 32,902
12	795 East Pender Street	Strathcona	Development Permit Through Discretion	504	Heritage - onsite preservation	\$ 32,760
13	2496 West 8th Avenue	Kitsilano	HRA	461	Heritage - onsite preservation	\$ 29,965
14	1842 West 12th Ave	Kitsilano	Development Permit Through Discretion	438	Heritage - onsite preservation	\$ 28,470
15	1238 Seymour Street	Downtown	Development Permit Bonus	212	Heritage - purchase of density	\$ 13,780
16	1238 Seymour Street	Downtown	Development Permit Bonus	115	Heritage - purchase of density	\$ 7,475
17	605 West 41st Avenue	South Cambie	Rezoning	56,328	None	\$ -
18	6708 Granville Street	Oakridge	Rezoning	15,161	None	\$ -
19	5912 Oak Street	Oakridge	Rezoning	9,895	None	\$ -
20	1600 West 1st Avenue	Fairview	Rezoning	Conversion	None	\$ -
21	711 West Broadway	Fairview	Rezoning	Conversion	None	\$ -
22	2967 Grandview Highway	Renfrew-Collingwood	Rezoning	Conversion	None	\$ -
23	2665 Renfrew Street	Renfrew-Collingwood	Rezoning	Conversion	None	\$ -
TOTAL				2,201,439		\$ 26,965,671

* NOTE: This table includes individual project approvals that fall within major project sites (Southeast False Creek and East Fraserlands). Approvals within major projects form part of larger comprehensively planned areas which provide a full range of public benefits provided on-site. In the case of the EFL and SEFC rezoning approvals (#2,3,4 in Appendix A), the land use converted from industrial to mixed-use, accounting for the large amount of new residential and commercial floor area approved. The East Fraserlands approval represents one phase of a larger multi-phase project which will develop over many years. For these reasons, it is not advisable to use this table to perform calculations (e.g. average public benefit value per sq.ft. of approved additional density).

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

Appendix B: Not-for-Profit Projects - Approvals/Conversions of Additional Density in 2010

#	Address	Local Area	Approval Type	Density increase (net sq.ft. increase)	Public Benefits
1	606 Powell Street	Strathcona	Rezoning	54,422	Social housing units (146 units) RainCity Housing and Support Society Offices
2	1134 Burrard Street	Downtown	Rezoning	28,804	Supportive Housing (141 units) Direction Youth Services Centre improvements
3	2305 West 7th Avenue	Kitsilano	Rezoning	17,098	Low-income Seniors Housing (15 units) Kitsilano Neighbourhood House Improvements Heritage Designation
4	675 East Broadway	Mount Pleasant	Rezoning	15,949	Social Housing (103 units) Broadway Youth Resource Centre improvements
TOTAL (additional sq.ft.)				116,273	

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

Appendix C: 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 \$200 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 11 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 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).

Major projects 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. Examples of major projects include Southeast False Creek and East Fraserlands.

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

Summary Comparison of DCLs and CACs

	DCLs	CACs
To what development does it apply?	All development	Development undergoing rezoning (also pays DCLs)
When is it payable?	At building permit issuance	Prior to zoning enactment
What can it provide?	Restricted by Vancouver Charter to recover a portion of growth costs for: parks, child care, replacement housing, engineering infrastructure	Unrestricted by Vancouver Charter to provide or contribute to community amenities such as libraries, daycares, community centres, park and park improvements, and neighbourhood houses.
What is the financial significance to the City?	10-year average annual revenue: \$25 M	CACs are increasingly significant. CACs help address site-specific impacts of a rezoning, and, especially on large sites, may provide significant assets on the site (in-kind facilities) versus cash.
What is the economic impact on development?	In Vancouver, DCL rates are carefully set so they do not deter development or hurt affordability	Same as DCLs—plus more economic "room" to provide a CAC if a rezoning increases land value
What rate approaches are used?	Flat rate (\$/sq. ft.) on floor space to be built	Various approaches including site-specific negotiation and flat rate targets

Appendix D: Heritage Transfer of Density

What is Transferable 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. If it is, see [“How To” Brochure 2 for information on the development permit process](#) and [“How To” Brochure 3 for information on Major Development Permit Applications](#).

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. See [“How To” Brochure 5 for rezoning procedures](#).

Appendix E: 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 City staff following a policy planning study, or by the public 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 City staff 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. The CAC Policy applies differently to development in different areas of the City. For example, all rezonings downtown are processed with negotiated CACs, while rezonings outside of downtown may be negotiated, flat rate or exempt from CACs depending on the size of development, location, amount of additional floor space being requested, land use changes and the type of development.

Community Amenity Contributions (CACs) are voluntary contributions provided by developers through privately-initiated rezonings that typically grant additional development rights. CACs provide a wide range of amenities/benefits and help address the impacts of a rezoning on the surrounding community. CACs are provided often as in-kind facilities which are incorporated into the new development, or may be as cash toward such facilities.

CACs provide opportunities not provided by Development Cost Levies (DCLs). Although DCLs apply to all development (not just rezoning), the DCL revenue is restricted to a specific set of facilities, while CACs are not. Also, because DCLs cannot legally collect 100% of growth costs, CACs can help to fill in the gaps. In addition, DCLs can only address new growth, not existing deficiencies, while CACs can address broader needs and impacts.

In some zoning by-laws, there is the ability for the Development Permit Board or the Director of Planning to use discretion to award additional density.

Development Permit Bonusing

Director of Planning discretion for additional density generally applies to applications seeking small amounts of additional density in single and two family residential areas. Larger development applications in zoning districts in and around 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 provide 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 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 Downtown District Official Development Plan) 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 the 10% allowed under existing zoning generally is approved by City Council through a rezoning process (see below).

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.

Heritage Designations and Heritage Revitalisation Agreements

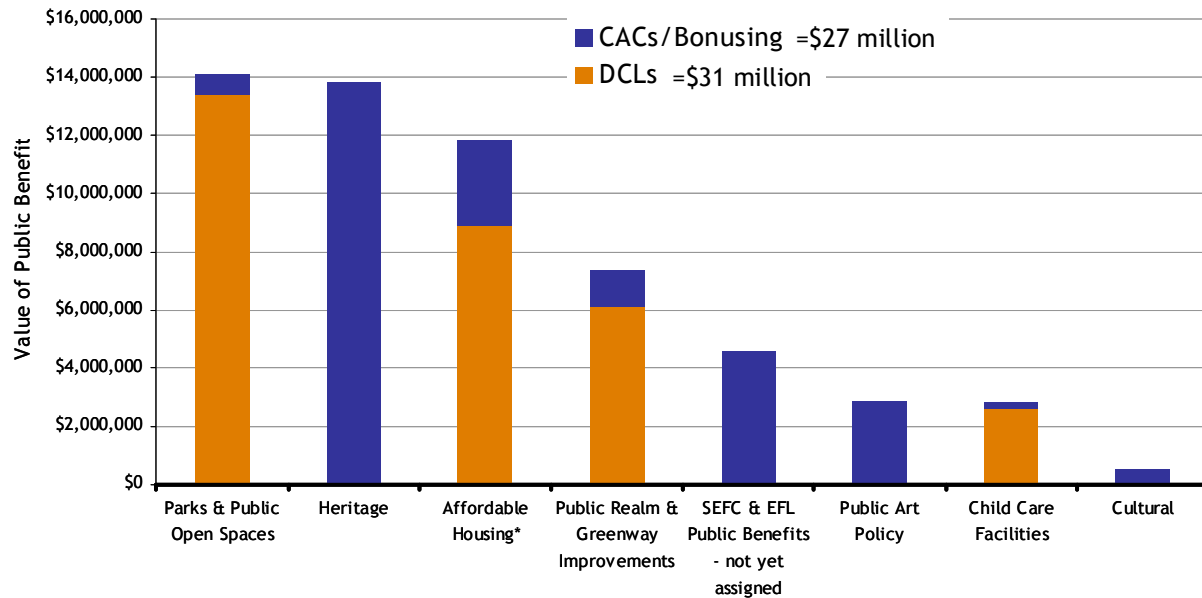
When more density is being sought that can be approved by the Director of Planning in the rehabilitation of a heritage building, heritage designation may be required. In general terms, up to 10% of additional density can be granted if a property is designated. Designation of a heritage property requires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

**Chart 3:
2010 Value of Public Benefits from DCLs & CACs/Bonusing¹**



* Not for profit excluded

Source: City of Vancouver rezoning and development permit board approvals (2010), City of Vancouver DCL tracking database

Chart 3 shows an overall value of approximately \$58 million for public benefits secured from new development in 2010 (from DCLs and CACs/bonusing). Combining the two sources of development contributions shows parks and open spaces, heritage, and affordable housing as the top three categories, closely followed by public realm/greenway improvements.

Chart 3 also illustrates the effect of legislative constraints on DCL allocation, as compared to the greater flexibility in assigning CACs, and it shows how some public benefit categories, especially heritage conservation and public art, rely on additional density approvals as a main source of funding.

It is important to note that there are differences in timing between the two sources of development contributions shown in Chart 3. The value of DCL contributions represents the actual revenue collected in 2010. The value of CAC/bonusing contributions are not realized until rezoning enactment (for cash contributions) or until project completion (for in-kind contributions). This timing can vary from months to years depending on the nature of the project.

In 2010, 45% (\$12 million) of CAC/bonusing public benefits were secured as 'cash' contributions to be applied to off-site facilities in the surrounding community. The remaining 55% (\$15 million) were made 'in-kind', meaning that they will be included on-site when the

¹The term "CACs/bonusing" used in Chart 3 refers to contributions from rezonings as well as contributions resulting from bonusing, heritage conservation and public art policy.

new development is constructed. Examples of in-kind contributions include on-site heritage restoration and affordable rental housing.

Chart 3 does not include the value of public benefits from non-for-profit development, which are also important contributions to the city’s livability and sustainability.

City-wide Context for Provision of Public Benefits

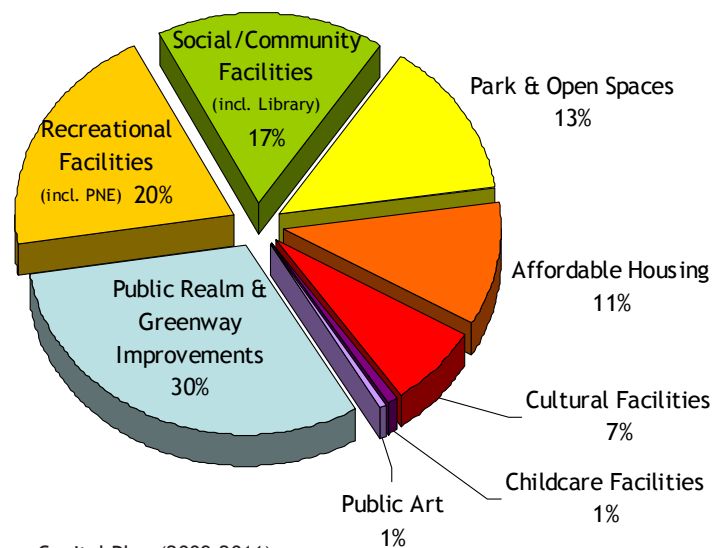
In response to the Council motion of July 8, 2010, staff took a broader perspective on overall City spending towards public benefits and compared development contributions to other funding sources in the City’s current Capital Plan (2009-2011).

To put development-related public benefit contributions into perspective staff reviewed the current Capital Plan (2009-2011). The 3-year Capital Plan is the primary tool for Council to prioritize spending for city-wide public benefits and infrastructure. Key funding sources include: debenture and pay-as-you-go funding, which is mainly supported by property tax; development contributions; as well as contributions from senior governments and external funding partners. New development has been supplementing the Capital Plan since the 1990’s when DCLs were first introduced. Since then, DCLs have become an increasingly significant component of the Capital Plan. DCL contributions have almost doubled from the 2006-2008 Capital Plan.

Of the \$667 million in the 2009-2011 Capital Plan, staff have identified \$390 million in allocations toward the categories of public benefits included in this report. The remaining \$277 million represent allocations toward utility infrastructure (e.g. water, sewer and energy), fire and police facilities, and other corporate systems (e.g. information technology).

Chart 4 shows the distribution of the \$390 million of Capital Plan allocations to public benefits by combining DCL funding for public benefits with all other funding sources.

**Chart 4:
Capital Plan (2009-2011) - Allocations towards Public Benefits**



Source: Extract from City of Vancouver Capital Plan (2009-2011)

TOTAL = \$390M towards public benefits

Appendix A: Market Projects - Approvals/Conversions of Additional Density in 2010 *

#	Address	Local Area	Approval Type	Density increase (net sq.ft. increase)	Public Benefit(s)	Total Public Benefit Value (\$)
1	1304 Hornby Street	Downtown	Rezoning	89,222	Heritage - purchase of density Child Care Facility Public Art Public Realm and Greenway Improvements	\$ 7,901,699
2	15 East 2nd Avenue	Mount Pleasant (SEFC)	Rezoning	202,959	Heritage - onsite preservation Housing - non-market rental	\$ 7,135,928
3	3151 E Kent Av North	Killarney (EFL)	Rezoning	1,689,754	Contribution towards EFL Public Benefit Strategy (<i>not yet assigned</i>) Public Art	\$ 3,883,193
4	140 West 1st Avenue	Mount Pleasant (SEFC)	Rezoning	37,847	Contribution towards SEFC Public Benefit Strategy (<i>not yet assigned</i>) Housing - non-market rental Public Art	\$ 3,699,903
5	1569 West 6th Avenue	Fairview	Rezoning	26,787	Parks and Open Spaces Cultural Heritage - purchase of density	\$ 1,576,000
6	1777 West 7th Avenue	Fairview	Development Permit Bonus	17,852	Heritage - purchase of density	\$ 1,160,380
7	1138 Granville Street	Downtown	Rezoning	19,923	Housing - market rental (STIR)	\$ 878,000
8	3333 Main Street	Riley Park	Rezoning	1,671	Parks and Open Spaces	\$ 450,000
9	356 West 11th Avenue	Mount Pleasant	HRA	1,497	Heritage - onsite preservation	\$ 97,305
10	2908 West 33rd Avenue	Dunbar-Southlands	Rezoning	12,636	Unallocated Funds	\$ 37,911
11	745 Thurlow Street	West End	Rezoning	18,178	Public Art	\$ 32,902
12	795 East Pender Street	Strathcona	Development Permit Through Discretion	504	Heritage - onsite preservation	\$ 32,760
13	2496 West 8th Avenue	Kitsilano	HRA	461	Heritage - onsite preservation	\$ 29,965
14	1842 West 12th Ave	Kitsilano	Development Permit Through Discretion	438	Heritage - onsite preservation	\$ 28,470
15	1238 Seymour Street	Downtown	Development Permit Bonus	212	Heritage - purchase of density	\$ 13,780
16	1238 Seymour Street	Downtown	Development Permit Bonus	115	Heritage - purchase of density	\$ 7,475
17	605 West 41st Avenue	South Cambie	Rezoning	56,328	None	\$ -
18	6708 Granville Street	Oakridge	Rezoning	15,161	None	\$ -
19	5912 Oak Street	Oakridge	Rezoning	9,895	None	\$ -
20	1600 West 1st Avenue	Fairview	Rezoning	Conversion	None	\$ -
21	711 West Broadway	Fairview	Rezoning	Conversion	None	\$ -
22	2967 Grandview Highway	Renfrew-Collingwood	Rezoning	Conversion	None	\$ -
23	2665 Renfrew Street	Renfrew-Collingwood	Rezoning	Conversion	None	\$ -
TOTAL				2,201,439		\$ 26,965,671

* NOTE: This table includes individual project approvals that fall within major project sites (Southeast False Creek and East Fraserlands). Approvals within major projects form part of larger comprehensively planned areas which provide a full range of public benefits provided on-site. In the case of the EFL and SEFC rezoning approvals (#2,3,4 in Appendix A), the land use converted from industrial to mixed-use, accounting for the large amount of new residential and commercial floor area approved. The East Fraserlands approval represents one phase of a larger multi-phase project which will develop over many years. For these reasons, it is not advisable to use this table to perform calculations (e.g. average public benefit value per sq.ft. of approved additional density).

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

Appendix B: Not-for-Profit Projects - Approvals/Conversions of Additional Density in 2010

#	Address	Local Area	Approval Type	Density increase (net sq.ft. increase)	Public Benefits
1	606 Powell Street	Strathcona	Rezoning	54,422	Social housing units (146 units) RainCity Housing and Support Society Offices
2	1134 Burrard Street	Downtown	Rezoning	28,804	Supportive Housing (141 units) Direction Youth Services Centre improvements
3	2305 West 7th Avenue	Kitsilano	Rezoning	17,098	Low-income Seniors Housing (15 units) Kitsilano Neighbourhood House Improvements Heritage Designation
4	675 East Broadway	Mount Pleasant	Rezoning	15,949	Social Housing (103 units) Broadway Youth Resource Centre improvements
TOTAL (additional sq.ft.)				116,273	

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