



POLICY REPORT
DEVELOPMENT AND BUILDING

Report Date: May 19, 2016
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Meeting Date: May 31, 2016

TO: Vancouver City Council
FROM: Acting General Manager of Planning and Development Services
SUBJECT: City-wide Community Amenity Contribution (CAC) Policy Update

RECOMMENDATION

- A. THAT Council adopt the Development Cost Levy (DCL) annual inflationary rate adjustment system, as described in this report, for all Community Amenity Contribution (CAC) targets and for all density bonus zone 'affordable housing and amenity share' contributions;
- FURTHER THAT Council direct staff to report back with the recommended 2016 inflation adjusted rates for these contributions, including a one-time catch-up for past inflation, no later than July 2016, with all inflation adjusted rates to be effective on September 30, 2016.
- B. THAT Council amend City-wide CAC administrative policy to improve fairness and consistency, generally as found in Appendix A, as follows:
- a. Remove the \$3.00 per sq.ft. CAC target for 'standard rezonings', and the CAC exemption for small sites rezoned from single family to less than 1.35 FSR in the City-wide CAC area, and replace with the negotiated CAC approach; and
 - b. Clarify that CAC payments in-lieu (in cash) are payable prior to rezoning enactment.
- C. THAT Council instruct staff to notify the development industry and affected stakeholders regarding Council approved changes to City-wide CAC policy.

REPORT SUMMARY

This report recommends changes to the City-wide Community Amenity Contribution (CAC) policy as part of an ongoing initiative to streamline and simplify the City's overall approach to development contributions. This initiative also responds to the Province's 2014 CAC Guidelines that recommend applying, where practical, 'development cost charge' principles to CACs and Density Bonus Zone (DBZ) provisions.

The first recommendation seeks Council approval to adjust all voluntary fixed rate CAC target contributions (herein after referred to as "CAC targets") and all Density Bonus Zone 'affordable housing and amenity share' contributions (herein after referred to as "DBZ contributions") using the Council-approved Development Cost Levy (DCL) annual inflationary rate adjustment system.

The annual inflationary rate adjustment system for DCLs was adopted by Council in 2009 based on local and national best practices. It reflects the annual change in local property (land) value and construction costs and uses publicly accessible third party data. The system provides transparent and accessible calculations, responds to changing market conditions (up and down), and provides the development industry with more predictable rate changes. Similar to DCLs, CAC and DBZ contributions¹ help fund the public amenities to support new residents, workers and businesses. As such, applying the proven inflationary rate adjustment system ensures the City maintains the purchasing power of CAC targets and DBZ contributions to accommodate growth in the city.

Subject to Council approval, the inflationary rate adjustment system would apply to all existing (and future) CAC target and DBZ contribution areas. The first inflationary rate adjustment would include a one-time catch-up to reflect inflation since the CAC targets and DBZ contributions were adopted. This is the same approach applied to DCL rates when the inflationary system was first adopted by Council.

Staff recommend synchronizing the annual DCL, CAC and DBZ inflationary adjustment timeline. This would be accomplished with a report to Council, no later than July of each year, with recommended adjustments to the DCLs, CAC targets and DBZ contributions at the same time. Subject to Council approval, such inflationary adjustments would come into effect on September 30, 2016.

This report also recommends administrative updates to the City-wide CAC policy to simplify the application of CAC policies and ensure currency of such policies which were adopted when the Financing Growth review was approved in 2004. To better reflect current practice and market conditions and ensure equitable and consistent treatment of rezonings, the proposed administrative updates include removing the \$3.00 per sq.ft. CAC target for 'standard rezonings'; removing the less than 1.35 FSR CAC exemption for small sites; and clarifying that cash-in-lieu CAC payments are payable prior to rezoning enactment.

¹ CAC targets and DBZ contributions are applied on the net additional density permitted through rezonings or density bonusing.

The key report recommendations have been shared with industry stakeholders and staff has received one inquiry seeking clarification on how these changes might affect a rezoning application in process and one letter from the National Association of Industrial and Office Properties (NAIOP) which is found in Appendix D.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- City-wide Financing Growth Policy (2004)
- Community Amenity Contributions Through Rezoning Policy (1999, 2014)
- Adoption of annual inflationary rate adjustment system for Development Cost Levies (2009)
- Council approved annual inflationary DCL rate adjustments (2010-2015)
- Council direction to [report back](#) with a recommended methodology for periodic adjustment of CAC targets (Little Mountain Adjacent Area Council report, February 13, 2013).
- Amendments to the Zoning and Development By-law to introduce new zoning districts with density bonus provisions: Marpole (2014) and Norquay (2016)

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager, the Acting General Manager of Planning and Development Services, and the Director of Finance recommend approval of the foregoing.

The proposed changes contained in this report are part of an ongoing initiative to update and simplify the City's development contribution system and align it with the City's strategic long-term capital and financial planning framework. As companions to this report, the 2015 Annual Report on CACs and Bonusing and the 2015 Annual Report on DCLs provide Council and the public with information on the broad array of public amenities achieved through new development.

In 2014, the Province released new provincial guidelines for CACs (Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability). In light of the new CAC guidelines, the City's existing and emerging CAC policies and practices underwent a comprehensive review. It concluded that, overall, the City's approach to CACs is generally consistent with the best practices recommended in the guide. The Provincial CAC Guidelines also recommend the increased use of CAC targets and density bonus provisions, which the City has implemented in a number of Community Plan areas (e.g. Cambie, Marpole, Norquay). These CAC targets and DBZ contributions provide more clarity and certainty for new development.

The changes recommended in this report are aligned with the Provincial CAC guidelines and reflect the City's evolving development contribution approach. In particular, development cost charge principles support the application of annual inflationary adjustments to CAC targets and DBZ contributions. The recommended administrative changes to City-wide CAC policy provide for more equitable and consistent treatment of rezoning projects.

REPORT

Background/Context

This report recommends changes to the City-wide CAC policy as part of an ongoing initiative to stream-line and simplify the City's overall approach to development contributions. This initiative also responds to the Province's CAC Guidelines (2014) that recommend applying, where practical, 'development cost charge' principles to CACs and DBZ provisions.

In 2004, Council approved 'Financing Growth' policies that established the City-wide DCL Bylaw and CACs for rezonings. In recent years, Council has approved a number of changes to the City-wide DCL including adoption of annual inflation adjustments and elimination of most area-specific DCL districts. These changes helped ensure DCL revenue keeps up with inflation and simplify the City's DCL framework.

Vancouver's development contribution approach has evolved over time to respond to changing market conditions, regulatory environments and community needs. Part of this shift includes the increasing use of CAC targets and DBZ contributions arising from new community plans. These new CAC and DBZ contributions reflect public benefit needs and market economics. With these changes to area-based development contribution policy, there is a need to update the City-wide CAC policy framework as well.

The amended CAC Through Rezonings policy is presented in Appendix A, while the original policy (with track changes indicating changes made) is presented in Appendix B. Descriptions of CACs, DBZ contributions and the Annual DCL Inflationary Adjustment System (adopted by Council in 2009) are presented in Appendix C. Correspondence received May 19, 2016 from the National Association of Industrial and Office Properties (NAIOP) is found in Appendix D.

Strategic Analysis

This section details the recommendations contained in this report.

- 1. Recommendation to adopt the DCL annual inflationary rate adjustment system for all CAC targets and DBZ contributions, including a one-time catch-up to reflect cumulative inflation since inception.**

Recommendation A, responds to a 2013 Council request for staff to report back on an annual inflationary rate adjustment system for CAC targets. Staff considered various approaches, including expert third party review. Staff analysis concluded that the best approach was to adopt the annual DCL inflationary rate adjustment system for both CAC targets and DBZ contributions.

In 2008, the City worked with industry stakeholders to develop an annual system to adjust DCLs for inflation. Council adopted the DCL inflationary system in 2009. Since then annual inflationary rate adjustments have taken place and the system works well and is accepted by industry. The inflationary rate adjustment system helps to maintain the purchasing power of DCLs, and it provides more predictability with respect to potential rate changes facing new development. This model of inflationary adjustments for DCLs is recommended for application to CAC targets and DBZ contributions.

In recent years, the City has implemented a number of new CAC targets and DBZ contribution rates which provide more certainty for new development. As the use of these approaches has increased, there has been a significant decrease in the number of negotiated CACs. The implementation of target CACs and density bonus zones is consistent with the provincial guidelines for CACs (2014).

CAC targets and DBZ contribution rates are now established in: Marpole (2014); Cambie Corridor (2013); Norquay Village (2013); Little Mountain Adjacent (2013); and, Southeast False Creek (2007). More CAC targets and DBZ contribution rates are anticipated as future community planning initiatives are complete and brought forward to Council. Since being adopted, CAC targets and DBZ contribution rates have not been adjusted for inflation. Both rates are set at a point in time that reflects the property (land) and construction costs at the time. Any delay in adjusting the rates would erode the purchasing power and limit the City's ability to deliver the much needed amenities to accommodate growth. The inflationary rate adjustment system will help to maintain the purchasing power of CAC targets and DBZ contributions for city spending on civic facilities.

The recommended system is based on local and national best practices, and uses publicly accessible, third party data; provides transparent and accessible calculations; and responds to changing market conditions so that rates will increase or fall depending on inflationary trends. The system provides more predictability to both the development industry and the City, and ensures that the purchasing power of CACs and DBZ contributions are preserved. Over the past 5 years, the DCL inflationary adjustment system has resulted in an average 4% annual rate increase.

Coriolis Consulting was retained by the City to provide an independent professional opinion on the suitability of the proposed annual inflationary rate adjustment system. Coriolis concluded that the system is highly transparent, predictable, easily calculated without much interpretation, protective of the City's purchasing power, and has limited volatility. Coriolis Consulting also reviewed the potential impact of annual inflationary rate adjustments on development economics. In their view, the adjustments should reflect market inflation and should not cause significant impact on the financial viability of new development.

Staff reviewed practices in other local municipalities and found that the District of North Vancouver already adjusts its CAC targets for inflation annually. Other municipalities are either not updating their CAC targets or are updating them periodically with no set frequency. The District of North Vancouver uses CPI to adjust for inflation annually and every 3 years CAC targets are recalibrated.

Subject to Council approval of this report, the inflationary adjustment system will be used to update CAC targets and DBZ contribution rates annually across the City. This includes new, area-based CAC targets and DBZ contribution rates areas. Recommended annual rate adjustments will be reported to Council each year in July with new rates taking effect on September 30th. Annual inflationary adjustments for CAC targets and DBZ contributions will be synchronized and reported alongside annual inflationary DCL adjustments.

One-time Inflationary Adjustment Catch-Up to 2015

The CAC targets and DBZ contributions shown in Table 1 have not been adjusted for inflation since they were established. Rates and targets have remained unadjusted in Southeast False Creek since 2007, and all other areas have remained unadjusted since 2013/2014. As noted previously, the purchasing power of CAC targets and DBZ contributions is eroded if the rates are not adjusted to account for inflation. This can result in project delays due to reduced funding availability or increased reliance on tax supported funding when providing growth-related civic facilities. To ensure that purchasing power is restored across each of the areas shown in Table 1, a one-time inflationary rate catch-up to 2015 is recommended. In 2009, a similar one-time rate catch-up for DCLs was approved by Council when the inflationary adjustment system was first adopted.

Table 1 shows all current CAC targets and DBZ contribution rates that will be addressed by the annual inflationary rate adjustment system. Table 1 also shows a one-time inflationary rate catch-up for past years where Target CACs and DBZ contribution rates were not adjusted (catch-up period is from the year the rate was established to 2015). The one-time inflationary rate catch-up will be recommended to Council in July along with the 2016 annual inflationary rate adjustment.

Table 1: Current CAC Targets & DBZ Contributions & Recommended One-Time Inflationary Rate Catch-Up to 2015

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

Coriolis Consulting reviewed the one-time inflationary rate catch-up shown in Table 1 and concluded that new development could withstand the catch-up with minimal impact on development viability. In the case of Southeast False Creek, it was highlighted that the CAC target warrants a recalibration due to the nearly 10 years since establishment.

Implementing Annual Adjustments

The annual inflationary adjustment system applies the most current, third party cost indices (property and construction) and it considers changing market conditions. The annual system

has roughly three months of lead time between calculation and actual adjustment of the CAC targets and DBZ contributions. In rare situations, the index can calculate an upwards adjustment when market conditions trend downward. The three month lead time allows annual adjustments to development contributions and provides an opportunity to review the proposed rates with industry and market experts prior to implementing the new rates and targets. This implementation approach is already applied to the annual DCL inflationary adjustments and staff will adopt this same process for adjustments to CAC targets and DBZ contributions.

If adopted by Council, the City will minimize any potential negative impacts, either on the development industry or on the City's ability to adjust CAC targets and DBZ contributions, by:

- reviewing recommended adjustments with industry stakeholders before applying annual inflationary rate adjustments;
- carrying out periodic updates to recalibrate CAC targets and DBZ contribution rates. The recalibration of rates would be established by updating the public benefit strategy growth costs and then testing development viability for appropriate growth cost recovery; and
- monitoring the pace of rezoning and redevelopment activity in each CAC target and DBZ contribution areas.

2. Administrative Updates to City-wide CAC Policy

The following administrative updates are amendments to City-wide CAC Policy, approved by Council in 2004 (Financing Growth Policy). These amendments are recommended to improve fairness and consistency in the application of CAC policy. The amendments relate to the \$3.00 per sq.ft. CAC target for standard rezonings city-wide, the 1.35 FSR CAC exemption for small rezonings city-wide, and the timing of CAC payments.

a. Remove the \$3.00 per sq.ft. CAC target for Standard Rezonings, and the 1.35 FSR exemption for small site rezonings

The \$3.00 per sq.ft. CAC target for standard rezonings has been in place since the City-wide CAC Policy was first approved on an interim basis in 1999. At the time, the CAC target amount was established based on a review of City rezonings over a ten year period. The rationale for 'standard rezonings' was to provide more certainty for smaller projects across the city where no area-specific CAC policy was established. The 'standard rezoning' category was adopted as part of Financing Growth Policy in 2004 (Financing Growth, Section 2.1.1, p.50). These areas are identified in Map 1, Appendix C. The \$3.00 per sq.ft. CAC target has not been adjusted since it was first established in 1999.

Staff is recommending removing the use of standard rezonings for the following reasons:

- a single rate for standard rezonings does not reflect the variability in public benefit needs or development economics across the city;
- the standard rezoning rate differs from other area-based CAC targets in that it is not based upon an area-based CAC policy (plan area); and
- continuing to apply the standard rezoning approach results in unfair application of CAC policy.

Since 1999, the \$3.00 per sq.ft. CAC target has been used infrequently. Over the 17 year period, there were 11 instances where it was used to benchmark a CAC for low density market residential rezonings. There were another 11 instances where it was used for institutional/office rezonings.

If approved by Council, rezoning applications in the City-wide CAC area already submitted by June 1st will not be impacted by this change and will be permitted to continue using the \$3.00 per sq.ft. CAC target. Any inquiries that are not yet applications by June 1st will be processed using the negotiated CAC process. At the time of publishing this Council report, there were no in-stream applications or inquiries eligible for the \$3.00/sq.ft. CAC target.

The CAC exemption for small rezonings with an achieved density less than 1.35 FSR has also been in place since approval of Financing Growth Policy in 2004 (Financing Growth, Section 2.2.3, p.53). This CAC exemption applies to smaller development sites in the City-wide CAC area that are rezoned from single family to a higher residential density. The rationale for this CAC exemption was two-fold. First, there were few zoning categories that enabled developments between single family and apartment development. The CAC exemption provided an incentive for new housing types. Second, the underlying development economics at the time showed relatively little ability to make a contribution for these projects.

Since 2004, a number of new zones and rezoning policy have been established to enable developments in the density range between single family and apartments. Development economics have also changed significantly. As a result, the CAC exemption for developments rezoned to less than 1.35 FSR creates an uneven playing field for new development. Many developments achieving less density (i.e. below 1.35 FSR) are now subject to CACs or a density bonus zoning contribution. This is particularly the case in area specific CAC policy areas like Marpole and Norquay where CACs are payable for rezonings less than 1.35 FSR. This is in contrast to the City-wide CAC area, where all residential rezonings less than 1.35 FSR are exempt from CACs.

Like the 'standard rezoning' category, the less than 1.35 FSR CAC exemption is rarely used. Over the past 5 years, there have been 2 instances where this CAC exemption has been applied.

This report recommends removing both the standard rezoning category and the 1.35 FSR CAC exemption for small developments. Subject to Council approval, rezoning applications in the City-wide CAC area already submitted by June 1st will not be impacted by this change and will be permitted to continue to be processed using the less than 1.35 FSR CAC exemption. Any inquiries that are not yet applications by June 1st will be processed using the negotiated CAC process.

At the time of publishing this Council report, there were 5 in-stream rezoning applications proposing developments less than 1.35 FSR. This higher than normal volume of in-stream rezoning applications is unusual given past trends, but is explained by the Heritage Action Plan which is currently under review and has resulted in projects being temporarily processed as rezoning applications instead of Heritage Revitalization Agreements (HRAs). Heritage staff indicates that future proposals under 1.35 FSR will now be encouraged to submit using the HRA process. As all 5 in-stream

rezoning applications were submitted before June 1st, they will be processed as CAC exempt.

b. Clarify that CAC payments are due prior to rezoning enactment

CACs are identified as prior-to conditions of rezoning enactment. Current CAC policy enables cash-in-lieu CACs to either be payable prior to rezoning enactment or at building permit issuance, if secured by a no-development covenant prior to rezoning.

A review of past practice shows that the overwhelming majority of cash-in-lieu CAC payments have been made prior to rezoning enactment. Over the past 10 years, there were only 5 instances where payment was made at building permit issuance.

Staff is recommending that CAC policy be amended so that timing of payment be made consistent. As building permit issuance can occur many months or even years in some cases after enactment, this change is also recommended so that cash-in-lieu CAC payments maintain purchasing power for spending on civic facilities. If approved by Council, rezoning applications already submitted by June 1st will not be impacted by this change. Rezoning applications submitted after June 1st will be processed using the amended timing of payment.

Industry Notification

A number of steps have been taken to notify stakeholders of the recommended changes:

- In February 2013, Council directed staff to report back on an inflationary rate adjustment system for CAC targets. This direction came from a Council report on CAC target implementation in the Little Mountain Adjacent Area.
- In October 2013, the City notified development industry stakeholders that an inflationary rate adjustment system was under review. In the same notice, the City communicated a potential change to the \$3.00 per sq.ft. target CAC.
- In October, 2013, the cover of the *CAC Through Rezoning* policy document indicated potential changes to the \$3.00 per sq.ft. target CAC.
- In April 2016, notification of the current recommended changes were communicated to development industry stakeholders and published on the cover of the *CAC Through Rezoning* policy document.
- In May 2016, advertisements were placed in the Business in Vancouver and Vancouver Courier newspapers notifying of the recommended changes to CAC policy.
- In May 2016, city clerks distributed this Council report to a list of industry and community stakeholders interested in financing growth policy matters.

Staff received one letter from the National Association of Industrial and Office Properties (NAIOP). In the letter, NAIOP states that it understands the rationale for the recommendations proposed in this report. NAIOP also comments on an issue unrelated to the recommendations in this report that relates to negotiated CACs on office rezonings. The NAIOP letter is found in Appendix D. One in-stream rezoning applicant inquired about the proposed changes and was advised that rezoning applications submitted prior to June 1, 2016 would remain CAC exempt.

Financial

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

The 2015-2018 Capital Plan contemplates \$1.1 billion of strategic investments in public amenities and infrastructure, of which ~28% would be funded from voluntary cash CACs, DBZ contributions and DCLs. (Note: Public benefits achieved through in-kind CACs, inclusionary zoning and density bonusing are not included in the Capital Plan.)

If development contributions do not keep pace with inflation and changes in market conditions, there will be additional pressure on tax and fee-supported funding sources to meet the growth demands. Council addressed this same issue by adopting the DCL inflationary rate adjustment system in 2009. Staff recommends that the same system be applied to CAC targets and DBZ contributions to ensure the City does not fall behind on its ability to deliver public amenities to accommodate growth.

As noted in the companion reports (2015 Annual Report on DCLs and 2015 Annual Report on CACs and Bonusing), development contributions account for a very small portion of the new construction value in the city.

Coriolis Consulting concluded that annual inflationary rate adjustments as well as the one-time inflationary catch-up are not likely to pose material impact on the financial viability of new development.

CONCLUSION

This report recommends changes to City-wide Community Amenity Contribution (CAC) policy. This is part of an ongoing initiative to stream-line and simplify the City's overall approach to development contributions. This initiative also responds to the Province's 2014 CAC guidelines that recommend applying, where practical, 'development cost charge' principles to CACs and Density Bonus Zone provisions.

The first recommendation seeks Council approval to apply the DCL annual inflationary rate adjustment system for all CAC targets and DBZ contributions. The inflationary rate adjustment system will help to maintain the purchasing power of CAC targets and DBZ contributions for city spending on civic facilities. The other recommended administrative changes to City-wide CAC policy provide for a fairer and more consistent treatment of rezoning projects. The administrative amendments include removing the \$3.00 per sq.ft. CAC target for standard rezonings, removing the 1.35 FSR CAC exemption, and clarifying that cash-in-lieu CAC payments are due prior to rezoning enactment.

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COMMUNITY AMENITY CONTRIBUTIONS - THROUGH REZONINGS

Adopted by City Council on January 20, 1999

Amended June 24, 2003, February 12, 2004, June 15, 2006, May 9, 2011, May 29, 2013, June 17, 2013, September 24, 2013, April 29, 2014 and September 23, 2014, June 1, 2016

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The following information has been extracted from the following sources: *Financing Growth Paying for City Facilities to Serve a Growing Population: The Role of City-wide Charges on New Development* (approved by Council in 2004) and policy for a variety of area specific CAC policies.

For more information visit vancouver.ca/financegrowth or contact the Financing Growth Planner at financegrowth@vancouver.ca.

<http://former.vancouver.ca/commsvcs/planning/financinggrowth/pdf/fgchoices.pdf>

<http://former.vancouver.ca/commsvcs/planning/financinggrowth/pbs.htm>.

1 Application and Intent

Community Amenity Contribution (CAC) policies apply to private rezoning applications. Community amenities may be provided through rezonings, to help address growth costs, area deficiencies, and/or other community needs and impacts. CACs may be a cash contribution, or an amenity provided in-kind by the development. CACs are generally for capital facilities.

1.1 Rezoning Context

Rezoning applications are evaluated in the context of a wide range of public objectives, including land use, urban design, livability, public benefits, and engineering infrastructure and traffic impacts. For more information, see *How to... Bulletin #5: Rezoning Procedures in Vancouver and also Land Use and Development Policies and Guidelines*. City Council approves rezonings and associated conditions, including CACs.

<http://former.vancouver.ca/commsvcs/planning/landuse5.htm>.

If you are unsure of how the CAC policies will apply to your rezoning, please discuss with the staff person who is handling your rezoning inquiry.

1.2 Relationship to Development Cost Levies (DCLs)

CACs are in addition to Development Cost Levies (DCLs), in areas where DCLs apply. DCLs are specifically for growth costs for the following types of capital projects: parks, daycare, replacement housing (social/non-profit), and engineering infrastructure, as provided for in each DCL area. If CACs provide for a type of capital project that can also be funded by DCLs, this should be on prior approval of City Council and cannot be in lieu of payment of DCLs. (CACs may also provide for facilities that are not eligible for DCLs and/or they may help bridge the gap between what the DCL pays for and full cost recovery.) For more information on DCLs, see Information Bulletin: Development Cost Levies.

<http://vancouver.ca/home-property-development/development-cost-levies.aspx>.

1.3 Timing

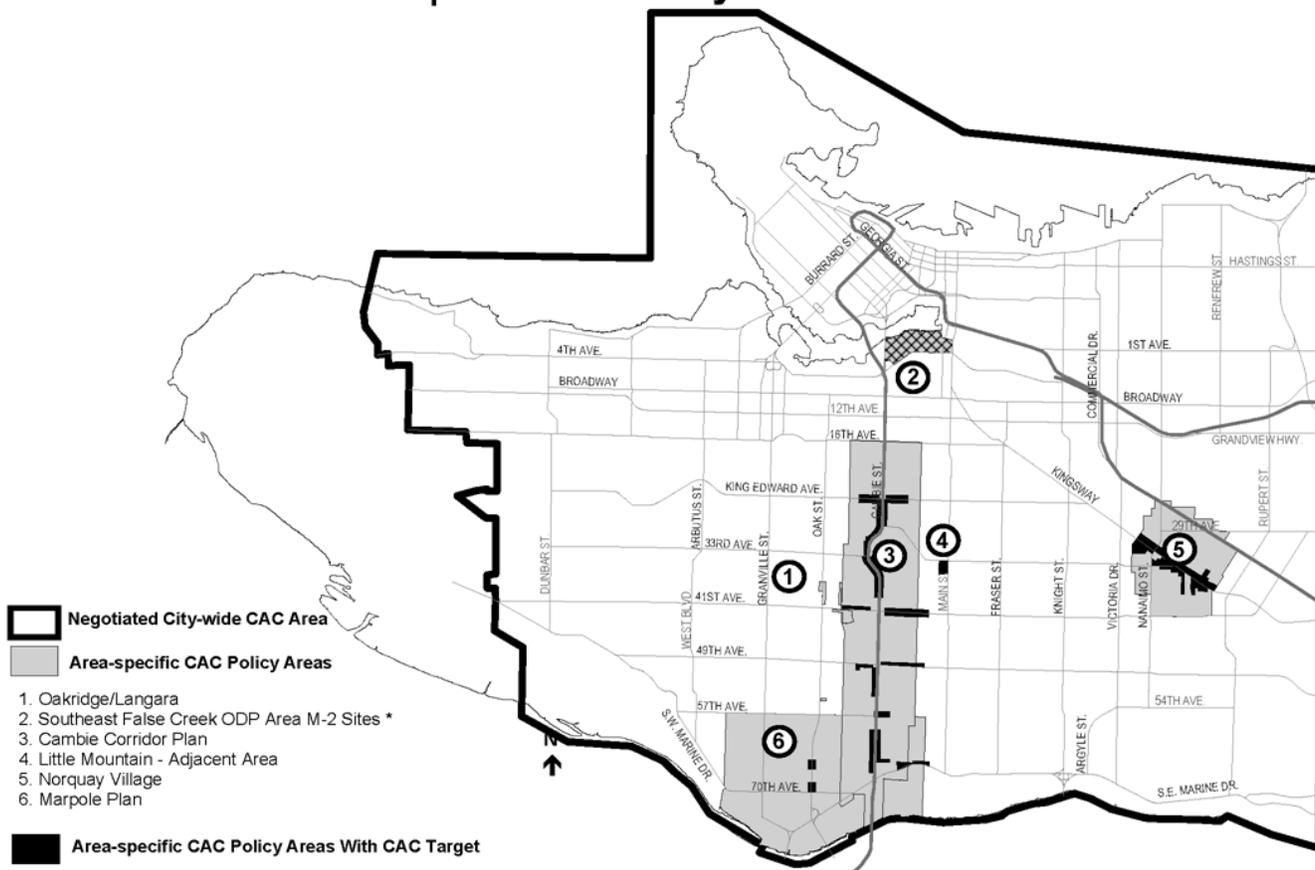
CACs are identified as prior-to conditions of rezoning enactment. Cash CACs are payable prior to rezoning enactment.

1.4 CAC Policy Areas

There are two types of CAC policy areas in Vancouver:

1. **City-Wide CAC Area (Negotiated):** Applies to most of the city, as shown in white on Map 1. For all rezonings in the City-wide CAC area, the CAC is determined through a negotiated approach.
2. **Area-Specific Policies (CAC Target and/or Negotiated):** Applies to areas with their own area-specific CAC and/or public benefit policies: Oakridge/Langara, Southeast False Creek, Cambie Corridor, Little Mountain Adjacent Area, Norquay Village, and Marpole. These areas are numbered 1 through 6 on Map 1. For all rezonings in the Area-Specific CAC Policies, the CAC is determined through a CAC target and/or negotiated approach. The policies are described in Section 4.

Map 1 - CAC Policy Areas



2 Exemptions from CACs

A. *Rezoning where there is no increase in total floor space and there is no residential.*

Note: This is one type of change of use rezoning (i.e., no increase in total floor space). Other types, as described above, do have CACs: commercial to residential rezonings, or for industrial to residential.

B. *Neighbourhood Housing Demonstration Projects* as defined in City policy. (See *Land Use and Development Policies and Guidelines: CityPlan Rezoning Policy - Before and During Neighbourhood Visioning*, <http://former.vancouver.ca/commsvcs/guidelines/C022.pdf> - policy #6.)

C. *Social housing* (subject to meeting DCL By-law definitions).

D. *Heritage*: Floor areas or bonus areas related to heritage preservation. This includes new floor space within a heritage building envelope (e.g., basement areas, mezzanines, etc.), and all heritage bonus space used on-site, transferred, or banked.

E. *Public schools* (K-12).

F. *Community facility* rezoning to the degree that the facility is: providing City-related social and/or cultural services; operated by a non-profit society; open and accessible to all; accepted by City Council as a Community Amenity; and secured through a legal agreement and/or City land ownership.

G. *Places of worship* that are tax exempt (other uses on the property, e.g., residential, are not CAC exempt).

3 Process for Determining Specific Amenities

The specific amenity to be provided, which must be approved by City Council, is determined by staff based the following guidelines. The CAC should be:

1. located in the community in which the rezoning takes place and/or serve the site;
2. growth-related, or meet past deficiencies or other community priorities;
3. operationally viable - i.e. long-term operating and maintenance costs are supportable;
4. within City servicing standards - i.e. a type of service normally provided or supported by the City and at a service level supported by City policy;
5. identified through an assessment of:
 - (a) the full range of City services and of the adequacy of existing City amenities in the area;
 - (b) opportunities to meet needs;
 - (c) City plans and policies;
 - (d) the cost to provide the amenities;
 - (e) community input obtained during the rezoning and through community plans or Visions, and/or city-wide plans and policies; and,
 - (f) for negotiated rezonings, the development economics of the donor project.

If there is unallocated CAC cash, it is set aside in the CAC reserve account to be spent at a later date. This spending is also subject to the guidelines above, including Council approval.

More Information: The policies on City-wide CACs reflect Council decisions following consideration of options in *Financing Growth - Paying for City Facilities to Serve a Growing Population: The Role of City-wide Charges on New Development*.
<http://former.vancouver.ca/commsvcs/planning/financinggrowth/pdf/fgchoices.pdf>

4 Area-Specific CAC Policies

Area-specific CAC policies with a CAC Target (black areas shown on Map 1) are shown in Table 1. Area-specific CAC policies (grey areas on Map 1) are shown in Table 2. These areas have their own area-specific CAC policies.

If there are future rezoning applications that depart from what was anticipated by these area-specific plans and policies, an appropriate CAC will be determined as part of the rezoning process.

Table 1: CAC Targets within Area Specific CAC Policies

Refer to Map 1 and Area Specific CAC policies in Table 2
 (Current as of June 1, 2016)

CAC Target Area	CAC Target (\$/sq.ft. applied on net additional density)
Marpole Plan	\$55.00
Cambie Corridor	\$55.00
Norquay (Kingsway C-2)	\$15.00
Little Mountain Adjacent	\$23.00
Southeast False Creek	\$11.50

Note: CAC targets are applied on the net additional density permitted through rezoning.

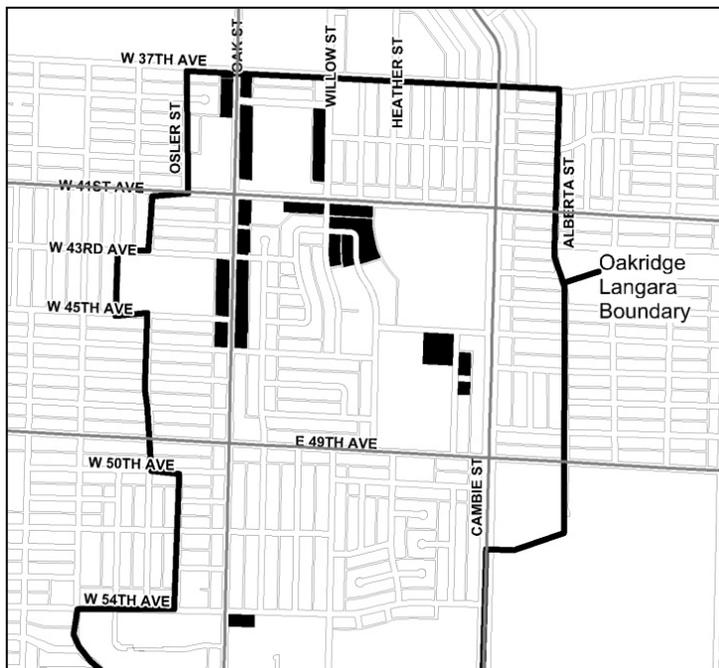
Table 2: Area-Specific CAC Policies

Area No. (on map)	Area	Area Policy
1	Oakridge/ Langara	CAC Policies described in <i>Information Bulletin: Oakridge Langara Density Policy- Community Amenity Contributions</i> . http://former.vancouver.ca/commsvcs/planning/infobul4.pdf
2	Southeast False Creek	Area-specific CAC target applies. CAC policy for cash or in-kind CAC. CAC target for private M-2 sites. CAC to be used for affordable housing. See <i>South East False Creek Public Benefit Strategy</i> . (Adopted June 15, 2006). See Table 1 for CAC target. http://council.vancouver.ca/20060615/documents/pe7.pdf
3	Cambie Corridor	Area specific CAC target applies for all 4-and 6-storey multiple dwelling rezoning proposals in the Cambie Corridor Plan, Phase 2 area. All other Cambie Corridor Phase 2 sites will be negotiated on a case-by-case basis as part of rezoning applications. See Section 11 of <i>Cambie Corridor Plan</i> (approved by Council on May 9, 2011). See Table 1 for CAC target. http://vancouver.ca/home-property-development/cambie-corridor-plan.aspx
4	Little Mountain Adjacent Area	Area specific CAC target applies. CAC policy for cash or in-kind CAC equivalent for low to mid-rise apartments. See Table 1 for CAC target Area. For details see http://council.vancouver.ca/20130213/documents/ptec2.pdf (adopted February 13, 2013)
5	Norquay Village Neighbourhood Centre	Area specific CAC target applies. A CAC target for sites within the Kingsway Rezoning Policy Area. CACs for all sites within the Neighbourhood Centre boundaries which are 1.0 acre or more are to be negotiated at the time of rezoning. See Table 1 for CAC target. See <i>Norquay Village Neighbourhood Centre Plan Implementation - Public Benefits Strategy and Apartment Transition Area Rezoning Policy</i> , http://council.vancouver.ca/20130516/documents/cfsc1.pdf (approved by Council on May 16, 2013)
6	Marpole	As of April 2, 2014, a CAC target for 6-storey residential-only rezoning proposals in the Marpole Community Plan area. All other Marpole rezoning proposals will be negotiated on a case-by-case basis as part of rezoning applications. See Table 1 for CAC target. See Chapter 18 of the Marpole Community Plan http://council.vancouver.ca/20140402/documents/ptec6-optimized.pdf (adopted April 2, 2014)

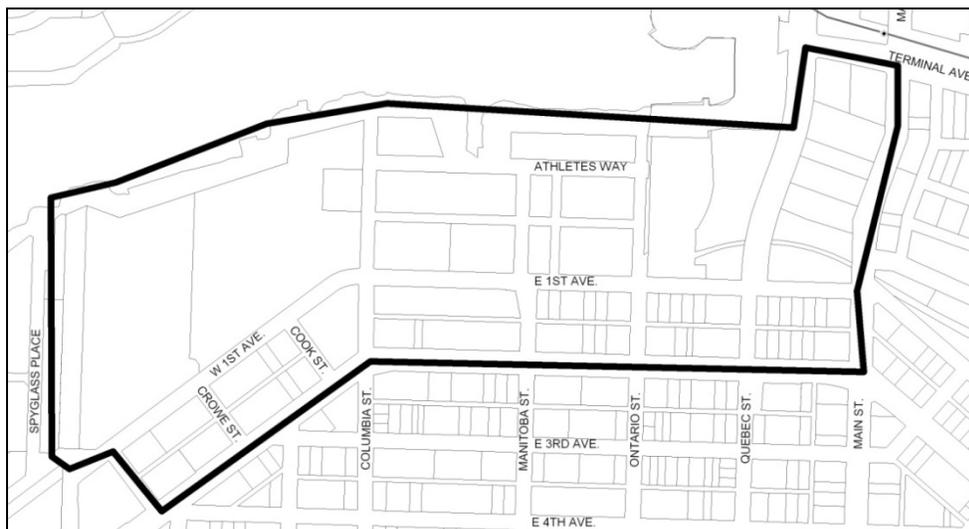
Detailed boundaries:

- Area 1: Oakridge/Langara - see below on page 6.
- Area 2: Southeast False Creek - see below on page 6.
- Area 3: Cambie Corridor - see page 7.
- Area 4: Little Mountain Adjacent Area - see page 7.
- Area 5: Norquay Village Neighbourhood Centre - see page 8.
- Area 6: Marpole - see page 8.

1. Oakridge/Langara



2. South East False Creek



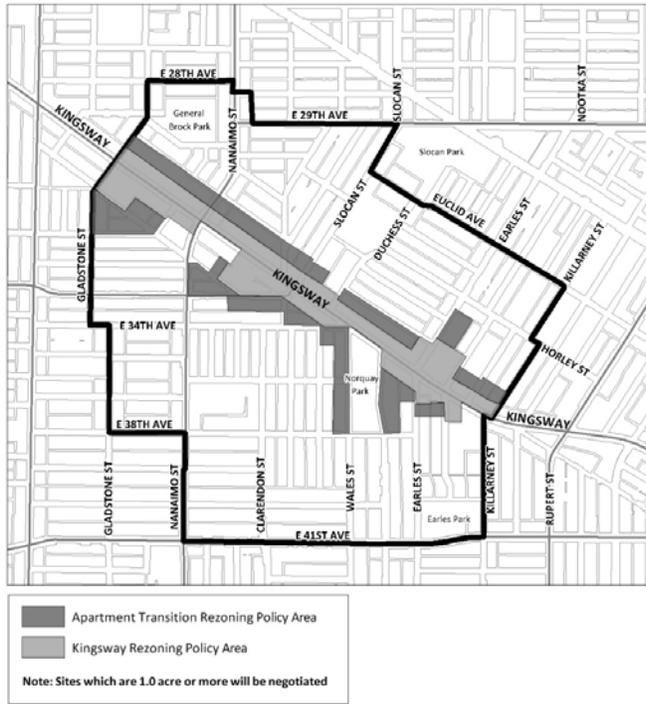
3. Cambie Corridor



4. Little Mountain Adjacent Area



5. Norquay Village Neighbourhood Centre



6. Marpole



COMMUNITY AMENITY CONTRIBUTIONS - THROUGH REZONINGS

Adopted by City Council on January 20, 1999

Amended June 24, 2003, February 12, 2004, June 15, 2006, May 9, 2011, May 29, 2013, June 17, 2013, September 24, 2013, April 29, 2014 and September 23, 2014

NOTICE:

On June 1, 2016, the following changes to CAC policy will be considered by City Council:

Annual Inflationary Rate Adjustment System

Council will consider a recommendation to adopt an annual inflationary rate adjustment system that will be applied to fixed rate CAC targets and density bonusing contributions. This change is being considered to help maintain the purchasing power of fixed rate CACs and density bonusing contributions.

“Standard rezonings” with a fixed rate CAC target of \$3.00 per square foot

Council will consider a recommendation to eliminate the \$3.00 per square foot fixed rate CAC target for “standard rezonings”.

Less than 1.35 FSR CAC exemption for small, low density developments

Council will consider a recommendation to eliminate the less than 1.35 FSR CAC exemption for small, low density developments.

In order to ensure fairness to applicants in process (rezoning applications submitted prior to June 1st, 2016), staff will continue to process in-stream rezoning applications under current City-wide CAC policy. For new rezoning applications submitted after June 1, 2016, the negotiated CAC process will be used on all eligible applications in the City-wide CAC area.

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The following information has been extracted from the following sources: *Financing Growth Paying for City Facilities to Serve a Growing Population: The Role of City-wide Charges on New Development* (approved by Council in 2004) and policy for a variety of areas ~~specific CAC policies. excluded from the City-wide CAC.~~

For more information visit vancouver.ca/financegrowth or contact the Financing Growth Planner at financegrowth@vancouver.ca.

<http://former.vancouver.ca/commsvcs/planning/financinggrowth/pdf/fgchoices.pdf>

<http://former.vancouver.ca/commsvcs/planning/financinggrowth/pbs.htm>.

1 Application and Intent

Community Amenity Contribution (CAC) policies apply to private rezoning applications. Community amenities may be provided through rezonings, to help address growth costs, area deficiencies, and/or other community needs and impacts. CACs may be a cash contribution, or an amenity provided in-kind by the development. CACs are generally for capital facilities.

1.1 Rezoning Context

Rezoning applications are evaluated in the context of a wide range of public objectives, including land use, urban design, livability, public benefits, and engineering infrastructure and traffic impacts. For more information, see *How to... Bulletin #5: Rezoning Procedures in Vancouver and also Land Use and Development Policies and Guidelines*. City Council approves rezonings and associated conditions, including CACs.

<http://former.vancouver.ca/commsvcs/planning/landuse5.htm>.

If you are unsure of how the CAC policies will apply to your rezoning, please discuss with the staff person who is handling your rezoning inquiry.

1.2 Relationship to Development Cost Levies (DCLs)

CACs are in addition to Development Cost Levies (DCLs), in areas where DCLs apply. DCLs are specifically for growth costs for the following types of capital projects: parks, daycare, replacement housing (social/non profit), and engineering infrastructure, as provided for in each DCL area. If CACs provide for a type of capital project that can also be funded by DCLs, this should be on prior approval of City Council and cannot be in lieu of payment of DCLs. (CACs may also provide for facilities that are not eligible for DCLs and/or they may help bridge the gap between what the DCL pays for and full cost recovery.) For more information on DCLs, see Information Bulletin: Development Cost Levies.

<http://vancouver.ca/home-property-development/development-cost-levies.aspx>.

1.3 Timing

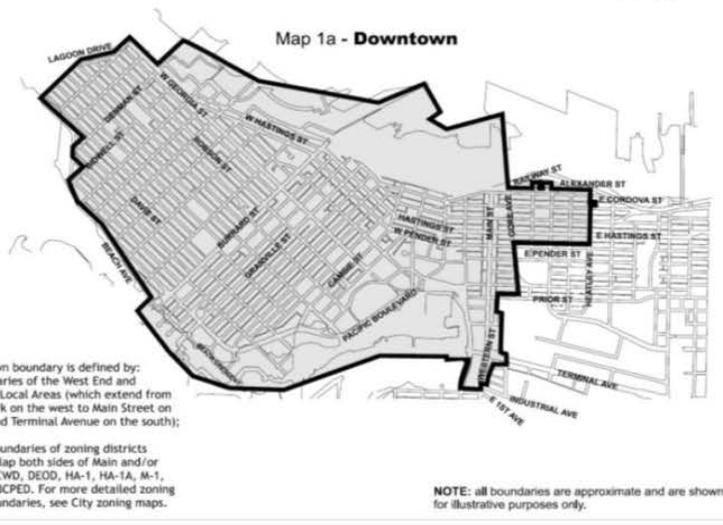
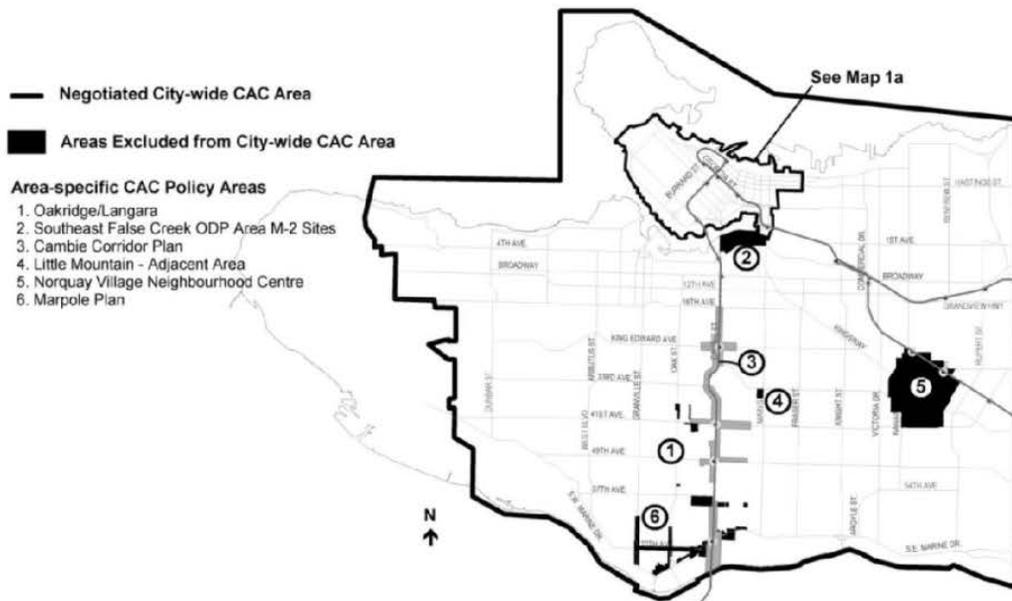
CACs are identified as prior-to conditions of rezoning enactment. Cash CACs are payable prior to rezoning enactment, ~~(or at building permit issuance, if secured by a no-development covenant prior to rezoning).~~

1.4 CAC Policy Areas

There are two types of CAC policy areas in Vancouver:

1. **The City-Wide CAC Area:** Applies to most of the city, as shown in white ~~and grey~~ on Map 1. For all rezonings in the City-wide CAC area, the CAC is determined through a negotiated approach. The policies are described in Part 2 of this bulletin.
2. **Area-specific ~~Policies~~ CAC Target and/or Negotiated areas:** Applies to areas with their own area-specific CAC and/or public benefit policies: Oakridge/Langara, Southeast False Creek, Cambie Corridor, Little Mountain Adjacent Area, Norquay Village, and Marpole. These areas are numbered 1 through 6 on Map 1. For all rezonings in the Area-Specific CAC Policies, the CAC is determined through a CAC target and/or negotiated approach. The policies are described in Section 4.5 as shown in black on Map 1. The policies are described in Part 3 of this bulletin.

Map 1 - CAC Policy Areas



City-Wide CAC Policy

~~Policies for the City-Wide CAC Area apply to the grey and white areas on Map 1.~~

2.1 Overall Framework

~~A. **Standard rezonings:** Standard rezonings have a fixed rate target CAC of \$32.29 per m² (\$3.00 per square foot). The fixed rate target applies only to the net increase in floor space allowed by the new zoning.~~

~~Standard rezonings are typically smaller projects outside the Downtown. This includes rezonings that change the use from commercial to residential without increasing total floor area; in this case, the fixed rate target applies to the increase in residential floor space.~~

~~B. **Non-Standard rezonings:** For Non-Standard rezonings, the CAC is determined through a negotiated approach. The following rezonings are Non-Standard:~~

- ~~(i) Large site rezonings – site size is 0.81 ha (2 acres) or more; or the site is in a Community Vision designated Neighbourhood Centre or Shopping Area and is 0.40 ha (1 acre) or more.~~
- ~~(ii) Change of use rezonings from industrial to residential (including any variations of live-work).~~
- ~~(iii) Downtown rezonings, as shown on Map 1a, including rezonings for height increases, density increases, and/or change of use.~~

~~C. **Rezonings exempt from a CAC:** See the next page for an explanation of the exemptions from CACs.~~

~~CACs, whether fixed rate target or negotiated, may be provided in several ways: in-kind/on-site amenities; cash contributions for a specified off-site amenity; and/or unallocated cash.~~

2.3 Exemptions from CACs

A. *Rezonings where there is no increase in total floor space; there is no residential; and the site is not Large or Downtown as defined above.*

Note: This is one type of change of use rezoning (i.e., no increase in total floor space). Other types, as described above, do have CACs: commercial to residential rezonings outside the downtown are Standard/ fixed rate target; and change of use rezonings on Large sites, Downtown, or for industrial to residential are Non-standard/negotiated.

B. *Small, lower density residential or institutional sites:* Sites that are rezoned from single family where: the new zone is residential, or institutional; the new density is less than apartment density (up to 1.35 Floor Space Ratio); and the site size is less than one full city block.

C. *Neighbourhood Housing Demonstration Projects* as defined in City policy. (See *Land Use and Development Policies and Guidelines: CityPlan Rezoning Policy - Before and During Neighbourhood Visioning*,

<http://former.vancouver.ca/commsvcs/guidelines/C022.pdf> - policy #6.)

- D. *Social housing* (subject to meeting DCL By-law definitions).
- E. *Heritage*: Floor areas or bonus areas related to heritage preservation. This includes new floor space within a heritage building envelope (e.g., basement areas, mezzanines, etc.), and all heritage bonus space used on-site, transferred, or banked.
- F. *Public schools* (K-12).
- G. *Community facility* rezoning to the degree that the facility is: providing City-related social and/or cultural services; operated by a non-profit society; open and accessible to all; accepted by City Council as a Community Amenity; and secured through a legal agreement and/or City land ownership.
- H. *Places of worship* that are tax exempt (other uses on the property, e.g., residential, are not CAC exempt).

3. Process for Determining Specific Amenities

The specific amenity to be provided, which must be approved by City Council, is determined by staff based the following guidelines. The CAC should be:

1. located in the community in which the rezoning takes place and/or serve the site;
2. growth-related, or meet past deficiencies or other community priorities;
3. operationally viable - i.e. long-term operating and maintenance costs are supportable;
4. within City servicing standards - i.e. a type of service normally provided or supported by the City and at a service level supported by City policy;
5. identified through an assessment of:
 - (a) the full range of City services and of the adequacy of existing City amenities in the area;
 - (b) opportunities to meet needs;
 - (c) City plans and policies;
 - (d) the cost to provide the amenities;
 - (e) community input obtained during the rezoning and through community plans or Visions, and/or city-wide plans and policies; and,
 - (f) for negotiated rezonings, the development economics of the donor project.

If there is unallocated CAC cash, it is set aside in the CAC reserve account to be spent at a later date. This spending is also subject to the guidelines above, including Council approval.

More Information: The policies on City-wide CACs reflect Council decisions following consideration of options in *Financing Growth - Paying for City Facilities to Serve a Growing Population: The Role of City-wide Charges on New Development*.

<http://former.vancouver.ca/commsvcs/planning/financinggrowth/pdf/fgchoices.pdf>.

3 ~~Area-Specific Policies for Areas Excluded from the City-Wide CAC~~

~~Area-specific CAC policies (grey areas on Map 1) are shown in Table 1. These areas have their own area specific CAC policies.~~

~~Policies for the areas excluded from the City Wide CAC (black areas on Map 1) are shown in Table 1. These areas have their own area specific CAC and/or public benefit policies.~~

If there are future rezoning applications that depart from what was anticipated by these area-specific plans and policies, an appropriate CAC will be determined as part of the rezoning process, ~~having regard to the same information as for the negotiation of Non-Standard rezonings in the City-Wide CAC Policy.~~

Table 1: CAC Policies for Areas Excluded from the City-Wide CAC Policy

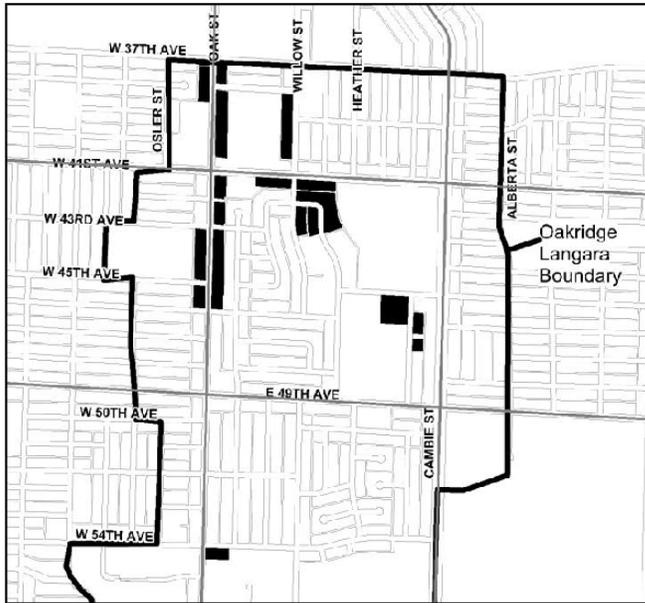
Area No. (on map)	Area	Area Policy
1	Oakridge/ Langara	CAC Policies described in <i>Information Bulletin: Oakridge Langara Density Policy- Community Amenity Contributions</i> . http://former.vancouver.ca/commsvcs/planning/infobul4.pdf
2	Southeast False Creek	Area-specific CAC target applies. CAC policy for cash or in-kind CAC fixed rate equivalent to approx \$11.50 per square foot for private M-2 sites. CAC to be used for affordable housing. See <i>South East False Creek Public Benefit Strategy</i> . (adopted June 15, 2006) http://council.vancouver.ca/20060615/documents/pe7.pdf
3	Cambie Corridor	As of September 24, 2013, a fixed rate CAC target of \$55.00 per square foot is to be applied as a benchmark fixed rate target for all 4-and 6-storey multiple dwelling rezoning proposals in the Cambie Corridor Plan, Phase 2 area. All other Cambie Corridor Phase 2 sites will be negotiated on a case-by-case basis as part of rezoning applications. See Section 11 of <i>Cambie Corridor Plan</i> (approved by Council on May 9, 2011). http://vancouver.ca/home-property-development/cambie-corridor-plan.aspx
4	Little Mountain Adjacent Area	Area specific CAC target applies. CAC policy for cash or in-kind CAC equivalent to approximately \$23.00 per square foot for low to mid-rise apartments. For details see http://council.vancouver.ca/20130213/documents/ptec2.pdf (adopted February 13, 2013)
5	Norquay Village Neighbourhood Centre	Area specific CAC targets apply. A fixed-rate CAC target of \$10.00 per square foot will be for sites within the Kingsway Rezoning Policy Area and a fixed-rate CAC target of \$15.00 per square foot will be for sites in the Apartment Transition

		<p>Rezoning Policy Area. CACs for all sites within the Neighbourhood Centre boundaries which are 1.0 acre or more are to be negotiated at the time of rezoning. See <i>Norquay Village Neighbourhood Centre Plan Implementation - Public Benefits Strategy and Apartment Transition Area Rezoning Policy</i>, http://council.vancouver.ca/20130516/documents/cfsc1.pdf (approved by Council on May 16, 2013)</p>
6	Marpole	<p>As of April 2, 2014, a fixed rate CAC target of \$55.00 per square foot is to be applied as a benchmark fixed rate target for 6-storey residential-only rezoning proposals in the Marpole Community Plan area. All other Marpole rezoning proposals will be negotiated on a case-by-case basis as part of rezoning applications. See Chapter 18 of the Marpole Community Plan http://council.vancouver.ca/20140402/documents/ptec6-optimized.pdf (adopted April 2, 2014)</p>

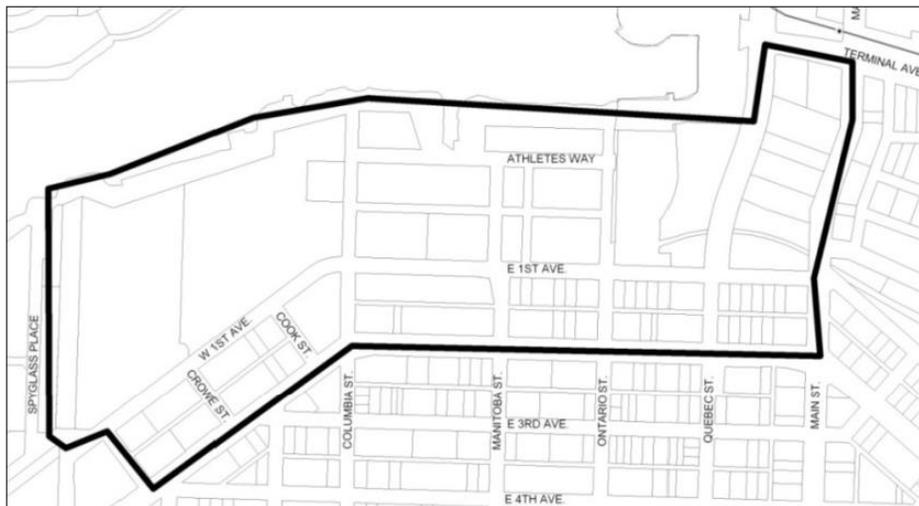
Detailed boundaries:

- Area 1: Oakridge/Langara - see below on page 6.
- Area 2: Southeast False Creek - see below on page 6.
- Area 3: Cambie Corridor - see page 7.
- Area 4: Little Mountain Adjacent Area - see page 7.
- Area 5: Norquay Village Neighbourhood Centre - see page 8.
- Area 6: Marpole - see page 8.

1. Oakridge/Langara



2. South East False Creek



5. Norquay Village Neighbourhood Centre



6. Marpole



1. Annual Inflationary DCL Rate Adjustment System (Council adopted 2009)
2. Community Amenity Contributions
3. Density Bonus Zoning

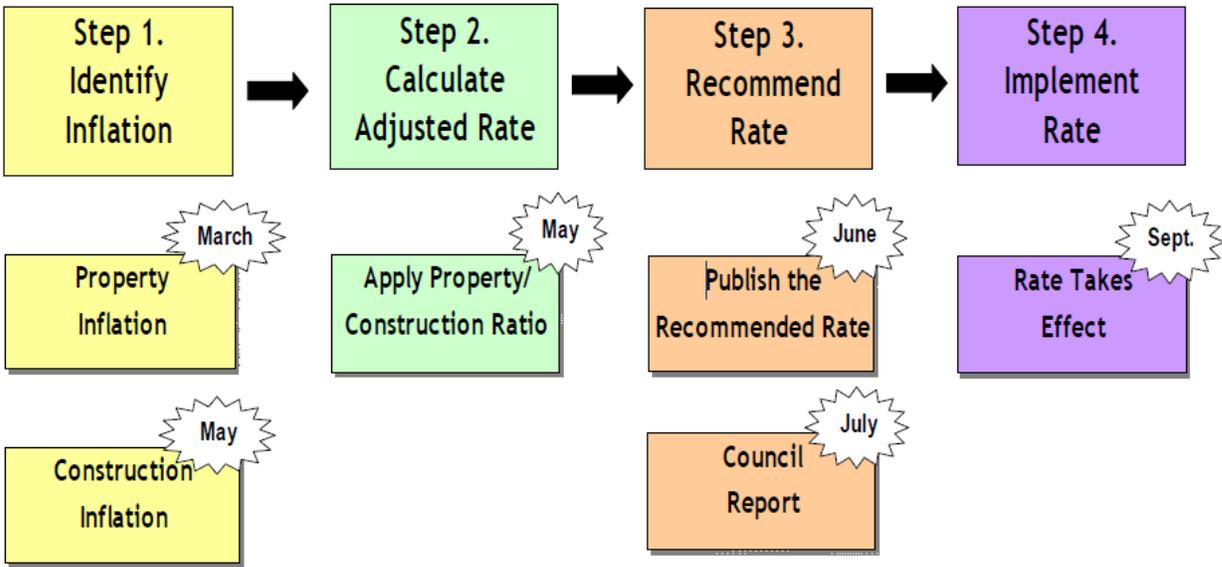
1. Annual Inflationary Rate Adjustment System for DCLs (Council Adopted, 2009)

In 2009, Council adopted the Annual Inflationary Rate Adjustment System for DCLs. Since then, the City’s DCL rates have been adjusted annually for property/construction inflation at an average rate of +4% per year.

The annual system is a four step process where the most recent, publicly accessible data on property and construction inflation are used to adjust DCL rates every year in September. The benefits of an annual system are that it provides the development industry with smaller, more predictable DCL rate changes, and it ensures the City maintains the purchasing power of DCL revenue needed to provide growth-related public facilities and services. The adoption of the annual DCL rate adjustment system was supported by development industry stakeholders since it offered smaller, more predictable DCL rate changes. Since system adoption, annual DCL rate adjustments have attracted little to no opposition from development industry stakeholders.

Principles of the index:

- Uses publicly accessible, third party data
- Transparent and replicable system
- Adjusts DCL rates annually
- Adjusts DCL rates upwards or downwards
- Adapts to significant market changes



Step 1. Identify Inflation (March-May)

The proposed blended index is composed of two different measures of inflation: construction cost inflation and property inflation. Construction cost inflation is measured using the Statistics Canada Non-Residential Building Construction Price Index (NRBCPI) for Vancouver. This data is published quarterly by Statistics Canada and is a reliable, widely used and publicly available data set. The annual system uses the first quarter construction cost data which is available annually in May.

Property inflation is measured using the change in BC Assessment (BCA) property values for the City. The BCA makes public the final assessment roll each year in March. BCA also publishes annual non-market change figures, which include rezonings and new construction. This allows for the non-market change values to be removed on an annual basis so that the roll used in calculating the index represents only the actual market change in property values. Through comparison with the previous year's roll, the annual inflation in property values can be calculated.

Step 2. Calculate the Blended Rate (May)

The two inflation rates are blended based on the anticipated proportion of expenditures on property and construction for the DCL district. For example, the ratio of construction to property spending in the City-wide DCL district is based on the latest 4-Year Capital Plan spending plans (2015-2018 Capital Plan). Current growth cost estimates are weighted toward construction costs in a 75/25 split (75% of growth costs go toward project acquisition and 25% toward property acquisition). To create a DCL inflationary index, the two measures of annual inflation are weighted to create a single inflation rate that can be applied to the previous years DCL rate.

Step 3. Recommend the Adjusted Rates (June-July)

The annual measures of property and construction inflation are made available to the public in March and May. The blended inflation rate and the proposed new indexed DCL rate are available no later than June each year. Stakeholders are notified of the new rates using the usual procedures (e.g. Bulletins, City website, posters, etc.). A report to amend the rates in the DCL By-law would go to Council annually in July.

Step 4. Implement the Adjusted Rates (September 30th)

In the annual system, new rates are effective September 30th of each year. The system calculates inflation and adjusts the DCL rate in the same year helping to reduce the lag time between the capture of the inflation data and the adjustment of the rate.

What if market conditions change drastically?

Current market conditions highlight the need for the City to occasionally pause the indexing system and consider the timing and implications of the proposed new rate. The annual system has roughly three months of lag time between calculation of the annual inflation rate and the

actual adjustment of the DCL rate. In rare situations, the index can calculate a DCL rate increase when the economy is in downward trend. At these moments, the City would pause the system and consider the appropriateness of the magnitude of the rate increase. This would be triggered by a negative Provincial GDP forecast and when this occurs staff would recommend adjusting rates more cautiously.

2. Community Amenity Contributions (CACs)

CACs are voluntary in-kind or cash contributions provided by development 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.

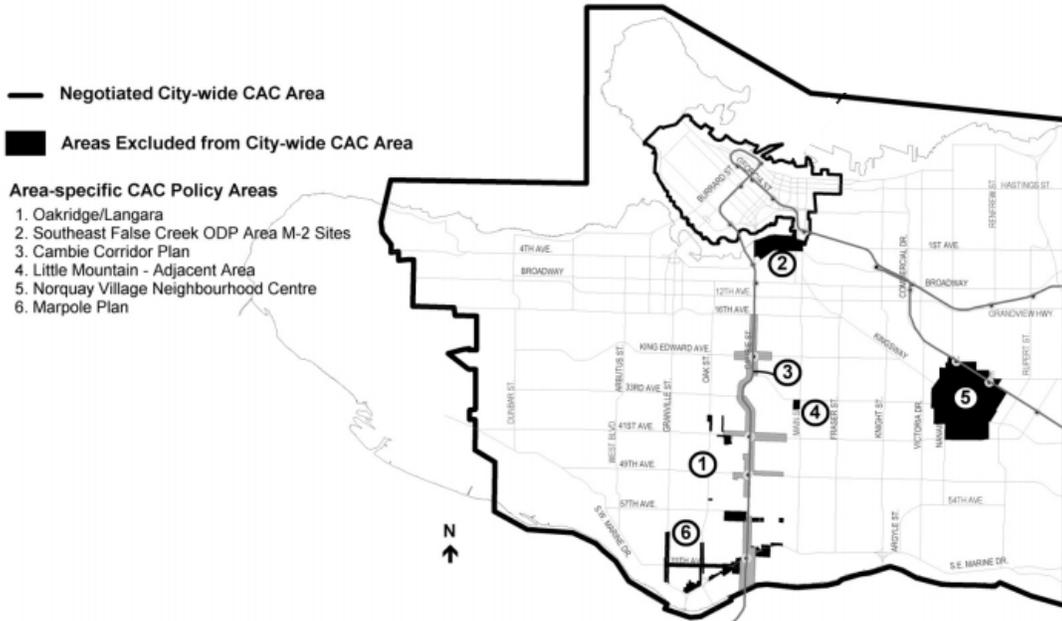
In a rezoning, CACs can be part of a public benefits package offered by the developer. In-kind (or on-site) amenity contributions can include affordable and non-market housing, childcare facilities or park space. CAC payments in-lieu may be put toward these benefits as well, but also include libraries, community centres, cultural facilities and neighbourhood houses. CAC payments in-lieu are generally applied to off-site benefits in the surrounding community. CACs are in addition to DCLs.

The City-wide CAC policies approved in 2004 set out following framework:

- Area-based CAC policies preside over City-wide CAC policy.
 - Existing planning or policy areas with area-based CAC rezoning policies reflect local needs for public benefits and development economics.
- Negotiated (or Non-standard) rezoning approach applies to large sites, industrial to residential rezonings and the Downtown peninsula.
- Standard rezoning approach applies to smaller projects outside the Downtown and locations without area-based CAC rezoning policies. The 'standard' approach is a CAC target of \$3.00 per sq.ft. of additional density approved.
- CAC exempt rezonings with several categories where the project itself is the public benefit (e.g., social housing, heritage conservation, etc.) and some small low density residential rezonings (e.g., less than 1.35 FSR).

As new area-specific plans are approved these areas are excluded from the City-wide CAC policy. Many of these areas have a blend of negotiated CAC and CAC target contributions from rezonings, and they are based on local public benefit needs and development economics.

Map 1: CAC Policy Areas



3. Density Bonus Zoning

Density bonus zoning (DBZ) is used as a zoning tool that permits developers to build additional floor space, in exchange for amenities and/or affordable housing needed by the community. Amenities can be community centres, libraries, parks, childcare centres, affordable housing and more.

Density bonus zones allow for:

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

Financial contributions are determined by the density bonus 'affordable housing and amenity share' contribution rate set out in the zoning bylaw. New community plan areas are actively pursuing new DBZ areas. DBZ contributions are currently approved in Norquay Village and Marpole Community Plan.



May 19, 2016

City of Vancouver
453 West 12th Avenue
Vancouver, BC V5Y 1V4

Attention: Mr. Chris Clibbon, Financing Growth Planner

Re: Proposed Changes to City-wide Community Amenity Contribution (CAC) Policy

Thank you for your letter dated April 27, 2016 providing NAIOP members with advanced notice of proposed changes to the City-wide CAC policy. As a key stakeholder, we appreciate your communication in this regard and wanted to provide a formal response.

Overall, we understand the rationale for certain area-based fixed CAC charges to be adjusted for inflation and the need to simplify and streamline the CAC process, however our membership will only support CAC's where appropriate.

We respectfully want to take this opportunity to reiterate NAIOP's stance that the City of Vancouver's current negotiated CAC process for office development in locations without area-based, pre-set contributions (including the downtown core) lacks predictability, is time consuming, and does not reflect the appropriate economic analysis for office development. By continuing in this manner, the City risks stalling the positive momentum that has been created through past policy, which was implemented to encourage office development.

Although recent office developments have been buoyed by a strong leasing and investment climate, history shows that these parameters can change quickly and the viability of most office developments will be acutely sensitive to even minor changes in leasing assumptions or cap rates.

Recently, NAIOP Vancouver retained Altus Group Economic Consulting ("Altus") to provide an assessment of the economic benefits of downtown Vancouver's office sector, and the potential negative impacts of the application of CACs to rezoned office developments in this district.

This report outlines the following:

- construction, maintenance, management and trades in the downtown office sector supports over 4,600 full-time equivalent jobs annually;

- workers housed in these buildings spent an estimated \$557 million in the vicinity of their offices, directly supporting almost 6,600 full-time equivalent jobs;
- over the past 15 years, recently developed downtown office buildings have contributed approximately \$34 million annually in property taxes to the City of Vancouver; and
- loss of one project of typical size would cause forfeiture of significant economic benefits over the following decade (\$180 million direct economic benefits, \$190 million GDP, 1,990 full time equivalent jobs, \$240 million in personal wages and profits, \$43 million in revenue for federal and provincial governments and \$29 million in property tax revenue for the City of Vancouver.)

NAIOP provided this report to Council on May 10, 2016 and we hope that it may be of assistance during future CAC discussions. Should you require a copy please let me know. We look forward to the opportunity to participate in these discussions with you and your team to encourage continued sustainable economic investment within the City.

Thank you again for your consideration.

Best regards,



Jarvis Rouillard, Vice President
NAIOP, Vancouver Chapter

cc: Randy Pecarski, Acting Assistant Director, City-wide & Regional Planning Division,
Planning and Development Services, City of Vancouver