CITY OF VANCOUVER

REPORT

Report Date:	May 24, 2022
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Meeting Date:	June 7, 2022

Submit comments to Council

TO:	Vancouver City Council
FROM:	General Manager of Planning, Urban Design and Sustainability
SUBJECT:	2022 Annual Inflationary Rate Adjustment to Community Amenity Contribution Targets

RECOMMENDATIONS

A. THAT Council approve the 2022 inflationary rate adjustments for Community Amenity Contribution (CAC) targets, with new target rates to be effective September 30, 2022, as shown in Appendix A.

B. THAT Council direct staff to recalibrate CAC target rates supported by economic testing, and report back on an implementation plan in Q4 2022.

REPORT SUMMARY

This report seeks Council approval to adopt an inflationary rate adjustment to Community Amenity Contribution (CAC) targets with new rates becoming effective September 30, 2022. Staff recommend recalibrating CAC target rates after undertaking comprehensive economic testing to ensure the rates are current and appropriate.

The inflationary rate adjustment to development contributions (e.g. CAC targets, density bonus contributions) is an annual process that allows the City to keep pace with annual changes in property values and construction costs and helps ensure the continued delivery of necessary growth-related amenities and infrastructure. The proposed 2022 inflationary rate adjustment to CAC targets represents an increase of 8.8%, reflecting changes in land and non-residential construction costs which are key factors in the costs of delivering the growth-related amenities and infrastructure. As shown in Sections 1 and 2 of the Strategic Analysis section in this report, staff have reviewed and concluded that the recommended 2022 inflationary rate adjustment is in line with current economic indicators.

The annual inflationary rate adjustment for density bonus contributions is the subject of a companion report (as they require Zoning and Development By-law amendments) that will be presented to Council for referral on June 7, 2022. Note that the 2022 inflationary adjustment will not be applied to Development Cost Levies (DCLs) since staff will be updating the rates as part of a comprehensive update that will be presented to Council for consideration in June 2022.

Recommendations in this report have been shared with development industry stakeholders (Urban Development Institute, National Association of Industrial and Office Properties, Homebuilders Association Vancouver). At the time of writing this report, staff has not received any correspondence on the proposed changes to the CAC targets.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- In 1999, Council adopted the Community Amenity Contributions – Through Rezonings Policy.
- In June 2003, Council adopted the Financing Growth Policy that sets the framework for the collection and allocation of DCLs to help pay for eligible amenities and infrastructure needed for growth: parks, housing, childcare, and various engineering infrastructure.
- In July 2008, Council approved an adjustment to City-wide DCL rates to reflect construction cost and property inflation, with the new rates to be effective in January 2010.
- In October 2009, Council adopted the annual inflationary DCL rate adjustment system for the City-wide DCL and Area Specific DCLs, with the new rates effective on September 30 of each year.
- Since 2010, Council has approved annual inflationary rate adjustments to DCLs.
- In May 2016, Council adopted the DCL annual inflationary rate adjustments system for density bonus contributions and CAC targets and directed staff to report back on a one-time catch-up for past inflation and the proposed new annual inflationary rates.
- In July 2017, Council approved the City-wide DCL update, which added new DCL rate categories and new reduced DCL rates; amended DCL revenue allocations for replacement housing, transportation, park, childcare and utilities.
- In November 2017, Council approved commercial linkage targets for non-stratified commercial-only rezoning applications in the Downtown and Rest of Metro Core areas.
- In July 2018, Council approved the establishment of the Vancouver Utilities DCL and approved a two-year phase in of the east-side residential rate category (above 1.5 FSR).
- In January 2020, Council approved an updated City-wide CAC Policy.

CITY MANAGER'S/ COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

Development contributions such as DCLs, CACs and density bonus contributions are the primary funding source for public amenities and infrastructure necessary to support growth, thereby reducing the impact on property taxes and other City funding sources.

Annual inflationary rate adjustments to DCLs, CAC targets, and density bonus contributions help the City maintain its purchasing power from year-to-year so that development contributions continue to help deliver necessary growth-related amenities and infrastructure. This report outlines the 2022 inflationary rate adjustments to CAC targets, while the DCL rates are being comprehensively updated as part of the DCL Update that will be presented to Council in June 2022 for consideration. A companion report, also on the June 7th Council agenda for referral, proposes the 2022 inflationary rate adjustments to density bonus contributions (RTS 14972). Staff are also recommending to report back on both the CAC targets and density bonus contributions after undertaking comprehensive economic testing to ensure the rates are current and appropriate.

The annual inflationary index from 2013 to 2022 is shown in the table below.

Table 1: Annual Inflationary Index (2013 – 2022)

Annual Inflationary Index		**Data used to calculate index** *(for information only)*			
Year	**Annual Inflationary Index**	**Local Property Value Inflation**	**Local Construction Cost Inflation**	**Capital Plan Blend**	
				Land	**Construction**
2013	1.3%	1.3%	1.3%	65%	35%
2014	1.6%	0.8%	3.0%	65%	35%
2015	3.4%	8.6%	1.7%	25%	75%
2016	4.6%	16.5%	0.6%	25%	75%
2017	11.9%	29.2%	6.1%	25%	75%
2018	4.8%	5.1%	4.7%	25%	75%
2019*	5.2%	1.2%	6.0%	17%	83%
2020	-0.8%	-8.9%	0.8%	17%	83%
2021	1.2%	1.4%	1.2%	17%	83%
2022	8.8%	10.3%	8.5%	17%	83%

* In 2019, Council approved the 5.2% increase to non-residential rate categories, but opted not to proceed with the 5.2% increase to residential rate categories in response to weakening market conditions in this sector.

An overview of the annual inflationary rate adjustment system and detailed background information on DCLs and CACs are presented in Appendix B. Recommended inflationary rate adjustments are presented in Appendix A.

Strategic Analysis

Sections below explain the rationale behind the recommended rate adjustments in this report.

1) Economic Indicators

As part of the annual inflationary rate adjustment process, current economic indicators were reviewed to validate that the proposed rate adjustments are in-line with current local market trends and forecasts. The market across both residential and non-residential sectors have largely recovered and exceeded pre-pandemic levels. See Appendix B for a review of current local economic indicators.

2) Validating rate adjustments with inflationary trends

When Council adopted the inflationary indexing system in 2009, it was recognized that if markets were to trend downwards, the system should be able to adapt so that rates are aligned with the current market and can adjust to market downturns.

It is important to note that the inputs into Vancouver's index calculation lag behind the most current market conditions. BC Assessment property values for 2022 are based on property values that were assessed in July 2021, and Statistics Canada's non-residential construction price index is based on data from the first quarter of 2022. This could occasionally result in situations where the inflationary rate adjustment as calculated by the index does not reflect shifting market conditions. Under these circumstances, the City would consider alternative approaches to better reflect changing market conditions.

In light of the review above and in Appendix B, staff have concluded that the recommended 2022 inflationary rate adjustment is in line with current economic indicators.

This section of the report discusses the proposed recommendations for Council consideration.

Recommendation A: THAT Council approve the 2022 inflationary rate adjustments for Community Amenity Contribution (CAC) targets, with new target rates to be effective September 30, 2022, as shown in Appendix A.

The proposed rate adjustments and rates for CAC targets can be found in Table 2 and Appendix A. Amongst the CAC targets, the magnitude of the 8.8% rate increase ranges from a low of $0.26/ft^2 to a high of $9.91/ft^2.

Table 2: Recommended 2022 Adjustments for CAC Targets
($/ft^2 on net additional density)

CAC Target	Year Established	2021 Rate	Inflationary Adjustment (2021-2022)	Recommended 2022 CAC Target Rate
Cambie Corridor: 4-storey residential	2018	$72.27/ft^2	$6.37/ft^2	**$78.64/ft^2**
Cambie Corridor: 4-storey mixed-use	2018	$20.07/ft^2	$1.77/ft^2	**$21.84/ft^2**
Cambie Corridor: 6-storey residential	2018	$103.38/ft^2	$9.11/ft^2	**$112.49/ft^2**
Cambie Corridor: 6-10 storey mixed-use	2018	$112.41/ft^2	$9.91/ft^2	**$122.32/ft^2**
Downtown Commercial Linkage Target	2017	$15.84/ft^2	$1.40/ft^2	**$17.24/ft^2**
Rest of Metro Core Commercial Linkage Target	2017	$10.56/ft^2	$0.93/ft^2	**$11.49/ft^2**
Grandview-Woodland: Nanaimo St/E 12th Ave shopping nodes	2016	$70.61/ft^2	$6.22/ft^2	**$76.83/ft^2**
Grandview-Woodland: Mid-rise multi-family sub-areas	2016	$23.53/ft^2	$2.08/ft^2	**$25.61/ft^2**
Marpole	2014	$81.29/ft^2	$7.17/ft^2	**$88.46/ft^2**
Norquay (Kingsway C-2)	2013	$13.04ft^2	$1.15/ft^2	**$14.19/ft^2**
Little Mountain Adjacent	2013	$47.57/ft^2	$4.19/ft^2	**$51.76/ft^2**
Southeast False Creek	2007	$67.81/ft^2	$5.98/ft^2	**$73.79/ft^2**
Institutional*	2020	$3.01/ft^2	$0.26/ft2	**$3.27/ft^2**

*Rezoning applications for 100% institutional developments (i.e. hospitals, community care facilities and post-secondary schools)

In-Stream Rate Protection

For CAC target increases, the City provides in-stream rate protection for rezoning applications that have been submitted prior to a rate change, provided that a rezoning application has been submitted in a form satisfactory to the City and a rezoning application fee has been paid. There is no timeline requirement for rezoning applications before in-stream rate protection expires.

Recommendation B: THAT Council direct staff to update CAC targets supported by economic testing, and report back on implementation plan in Q4 2022.

Staff conduct comprehensive updates to development contribution target rates (CACs and density bonus contributions) once every four years to ensure policies keep pace with market changes. This aligns with the Council-approved framework for updating the DCL program every four years to be integrated with the City's 4-year Capital Planning cycle, which will be presented to Council for consideration in June 2022.

Staff recalibrated CAC targets in Cambie Corridor and Marpole in 2018, and recently reviewed all other existing CAC targets as part of the January 2020 CAC Policy update. Since it has been nearly four years since the last update, staff recommend recalibrating all existing CAC targets based on economic testing to reflect any market changes. Staff aim to bring an implementation plan back for Council approval in Q4 2022.

Implications/Related Issues/Risk

Financial

Rate adjustments for CAC targets have financial implications for the City and the development industry.

Should Council not approve the recommended inflationary increase in CAC targets by 8.8%, the City would forego approximately $1.8 million a year.

Financial Implications for the City

Development contributions such as DCLs, CACs and density bonus contributions are the primary funding source for public amenities and infrastructure necessary to support growth, thereby reducing the impact on property taxes and other City funding sources.

Consistent with Council policy, the rates are typically adjusted on an annual basis to preserve the City's ability to deliver much needed public amenities and infrastructure in light of land and construction cost inflation, and to avoid large rate changes that might be triggered by less frequent adjustments. The 2022 inflationary adjustment will not be applied to DCLs since staff are updating the DCL program to be brought to Council for consideration in June 2022.

In addition to annual indexing, recalibrations of DCLs, CAC targets, and density bonus contributions are generally done every four years to align with public benefit strategies and the 10-year Capital Strategic Outlook, while considering potential impacts on development viability. Staff also recommend that a comprehensive update be done on the CAC targets and density bonus contributions since it has been over four years since the rates have been calibrated.

Financial Implications for Development

The City's Financing Growth policies are based upon the principle that, while development should pay for growth, development contributions should not deter development or harm housing affordability. Independent review found the primary impact of development contributions in Vancouver is to put downward pressure on the value of land for redevelopment. Affordability should not be negatively affected as long as rates are set so they do not impede the steady supply of development sites.

Engagement and Communications Plan

The following steps were taken to ensure broad notification prior to consideration by Council:

- Website posting of proposed rates on the City's Financing Growth web page;
- Notice of proposed changes in the City's Density Bonusing Information Bulletin as well as the CAC Policy (available online);
- Advertisements describing the proposed rate adjustments, together with details on how to provide feedback, are placed in the Vancouver is Awesome and Business in Vancouver newspapers;
- Staff notification to local industry groups (Urban Development Institute, National Association of Industrial and Office Properties (NAIOP), Homebuilders Association Vancouver); and,

- City Clerks notification to a list of stakeholders who have expressed interest in Financing Growth matters informing them of this report and the companion report on density bonus contributions, and where they can review the reports online prior to the Council meeting.

At the time of finalizing this report, staff has not received any correspondence from industry stakeholders on the recommended rate changes to CAC targets.

CONCLUSION

As part of the annual inflationary rate adjustment, this report seeks Council approval to adopt the proposed CAC targets with new rates becoming effective September 30, 2022. The report also seeks direction for staff to recalibrate CAC targets and report back on an implementation plan later this year.

Development contributions are a key funding source for growth-related amenities and infrastructure. The inflationary rate adjustment to CAC targets is an annual process that allows the City to keep pace with annual changes in property values and construction costs and helps ensure the continued delivery of necessary growth-related amenities and infrastructure. The proposed 2022 inflationary rate adjustment represents an increase of 8.8%, reflecting changes in the cost of land and non-residential construction costs which are key factors in the costs of delivering the growth related amenities and infrastructure.

* * * * *

2022 Proposed New Inflation Adjusted CAC Targets

Effective September 30, 2022

Map	CAC Target Area and Eligibility Criteria[a]	CAC Target[b] (effective Sept. 30, 2021)	Proposed CAC Target[b] (effective Sept 30, 2022)	Allocation of CAC[c]
Map A (Southeast False Creek)	Rezoning applications on sites zoned M-2 up to 3.5 FSR as shown in Map A. Additional CAC will be negotiated > 3.5 FSR.	$729.92/m^2$ ($67.81/ft^2$)	$794.27/m^2$ ($73.79/ft^2$)	Affordable housing in Southeast False Creek
Map B (Cambie Corridor)	Rezoning applications for 4-storey residential as shown in Map B	$777.85/m^2$ ($72.27/ft^2$)	$846.43/m^2$ ($78.64/ft^2$)	As per the Cambie Corridor Public Benefits Strategy
	Rezoning applications for 4-storey mixed-use as shown in Map B	$216.03/m^2$ ($20.07/ft^2$)	$235.08/m^2$ ($21.84/ft^2$)	
	Rezoning applications for 6-storey residential as shown in Map B	$1,112.75/m^2$ ($103.38/ft^2$)	$1,210.85/m^2$ ($112.49/ft^2$)	
	Rezoning applications for 6-10 storey mixed-use as shown in Map B	$1,209.92/m^2$ ($112.41/ft^2$)	$1,316.60/m^2$ ($122.32/ft^2$)	
Map C (Little Mountain Adjacent Area)	Rezoning applications for 4-6 storey apartments as shown in Map C	$512.03/m^2$ ($47.57/ft^2$)	$557.18/m^2$ ($51.76/ft^2$)	Affordable housing on the Little Mountain site or projects in or around the Riley Park/South Cambie neighbourhood
Map D (Norquay Village)	Rezoning applications on sites zoned C-2 along Kingsway that are less than 1 acre as shown in Map D	$140.32/m^2$ ($13.04/ft^2$)	$152.69/m^2$ ($14.19/ft^2$)	As per the Norquay Village Public Benefits Strategy
Map E (Marpole)	Rezoning applications for 6-storey residential as shown in Map E	$875.03/m^2$ ($81.29/ft^2$)	$925.18/m^2$ ($88.46/ft^2$)	As per the Marpole Public Benefits Strategy
Map F (Grandview-Woodland)	Rezoning applications in Nanaimo St./ E 12th Ave. shopping nodes as shown in Map F	$759.99/m^2$ ($70.61/ft^2$)	$826.99/m^2$ ($76.83/ft^2$)	As per the Grandview-Woodland Public Benefits Strategy
	Rezoning applications in the Midrise Multi-Family areas as shown in Map F	$253.29/m^2$ ($23.53/ft^2$)	$275.62/m^2$ ($25.61/ft^2$)	
Map G (Downtown and Rest of Metro Core)	Rezoning applications for 100% non-strata commercial developments in the Downtown area as shown in Map G	$170.50/m^2$ ($15.84/ft^2$)	$185.53/m^2$ ($17.24/ft^2$)	Affordable housing and childcare in the Metro Core (Downtown and Rest of Metro Core)
	Rezoning applications for 100% non-strata commercial developments in the Rest of Metro Core area as shown in Map G	$113.63/m^2$ ($10.56/ft^2$)	$123.65/m^2$ ($11.49/ft^2$)	
Key Map (City-wide)	Rezoning applications for 100% institutional developments (i.e. hospitals, community care facilities, and post-secondary schools)	$32.36/m^2$ ($3.01/ft^2$)	$35.21/m^2$ ($3.27/ft^2$)	

Notes:

a. Secured market rental rezoning applications located within CAC Target areas may be subject to a negotiated CAC as per 1.2(b) of the CAC Policy provided it is not already exempt under Section 8.2(e) of the CAC Policy.

b. Calculation based on net additional floor area in excess of the maximum permissible under current zoning. In circumstances where the total floor area is not being increased but involves a conversion of use from industrial to commercial, or non-residential to residential, the CAC will be based on the converted floor area.

c. CAC Targets may be directed to public benefits located outside of the community provided that the public benefit meets the criteria in policy 2.1.

Background Information

1. Overview of Inflationary Index System
2. Review of Current Local Economic Indicators
3. Development Cost Levies
4. Community Amenity Contributions

1. Overview of Inflationary Index System

The annual inflationary rate adjustment system was developed using local and national best practices and is guided by a set of Council-adopted principles that require the system to:

- use publicly accessible, third party data;
- use transparent calculations that are accessible to external stakeholders;
- adjust rates upward or downward based on inflationary trends;
- adapt to changes in the market; and
- be supportable by industry & stakeholders

The annual rate adjustment is initiated with reports to Council in June or July proposing new DCL, CAC target, or density bonus contribution rates that have been adjusted for inflation. If approved, these new rates come into effect annually on September 30th.

The system itself consists of two components. The first component is an index calculation based on year-over-year changes in property value (BC Assessment property roll) and a non-residential construction price index (Statistics Canada Non-Residential Construction Price Index). These inputs are blended together to reflect the City's current Capital Plan program and anticipated expenditure on land acquisition and construction (see Table 3).

Linking rates to an annual inflationary index results in rate increases when inflation is positive and rate decreases when inflation is negative. The 2022 BC Assessment[1] property roll for the City of Vancouver indicated a 10.3% increase in assessed property value, while the Statistics Canada[2] Non-Residential Construction Price Index for Q1 2022 recorded an increase of 8.5% from 2021. The City's 2019-2022 Capital Plan[3] is anticipated to invest 17% towards land acquisition and 83% on construction.

Table 3 shows the annual inflationary index from 2013 to 2022.

[1] BC Assessment, Property Roll for the City of Vancouver, 2022
[2] Statistics Canada, Non-Residential Building Construction Price Index for Vancouver, Q1 2022
[3] City of Vancouver, 2019-2022 Capital Plan

Table 3: Annual Inflationary Index (2013 – 2022)

Annual Inflationary Index		Data used to calculate index *(for information only)*			
Year	Annual Inflationary Index	Local Property Value Inflation	Local Construction Cost Inflation	Capital Plan Blend	
				Land	Construction
2013	1.3%	1.3%	1.3%	65%	35%
2014	1.6%	0.8%	3.0%	65%	35%
2015	3.4%	8.6%	1.7%	25%	75%
2016	4.6%	16.5%	0.6%	25%	75%
2017	11.9%	29.2%	6.1%	25%	75%
2018	4.8%	5.1%	4.7%	25%	75%
2019*	5.2%	1.2%	6.0%	17%	83%
2020	-0.8%	-8.9%	0.8%	17%	83%
2021	1.2%	1.4%	1.2%	17%	83%
2022	8.8%	10.3%	8.5%	17%	83%

Note: Vancouver's DCLs have used this index to adjust rates since 2009. Density bonus contributions and CAC targets have been adjusted since 2016. For more information on the annual inflation index: http://vancouver.ca/home-property-development/annual-inflation-index.aspx
* Council approved the 5.2% increase to non-residential rate categories, but opted not to proceed with the 5.2% increase to residential rate categories in response to weakening market conditions in this sector.

A further step in the annual inflationary rate adjustment system is a review of local economic indicators to ensure that rates are aligned withinflationary trends. A review of economic indicators is included in Section 2 of this Appendix.

The annual inflationary rate adjustment system was initially adopted for DCLs in October 2009 and implemented across all DCL districts in 2010. Since then, Vancouver's development contribution system has expanded to include new tools that provide additional certainty and transparency. These tools included CAC targets and density bonus contributions and were introduced as new area plans were approved by Council. The share of rezonings with CACs using CAC targets is now about 60%, representing an increase from 2013 where the usage was only 10%. Staff will continue to explore opportunities to further expand CAC targets and density bonus contributions. In May 2016, the annual inflationary rate adjustment system was expanded to apply to CAC targets and density bonus contributions and Council also approved a one-time catch-up for past inflation as part of the new rate adjustments. A similar one-time rate catch-up for DCLs was approved by Council in 2009 when the inflationary rate adjustment system was first adopted.

This system has provided more predictability/certainty to both the development industry and the City, and has been broadly supported by industry stakeholders. Over the years, Council has approved inflationary rate adjustments with average rate increases of approximately 4% between 2013 and 2021 (see Table 3). It is important to note that in 2019, Council approved the 5.2% increase to non-residential rate categories, but opted not to proceed with the 5.2% increase to residential rate categories in response to weakening market conditions in this sector. In 2020, the inflationary index was -0.8%, which is the first time rates have decreased under the inflationary index system.

For more information on the Council approved annual inflationary rate adjustment system, see http://vancouver.ca/home-property-development/annual-inflation-index.aspx.

In addition to annual indexing, recalibrations of DCLs, CAC targets, and density bonus contributions may be required from time to time to align with public benefit strategies and 10-

year Capital Plan outlook while considering potential impacts on development viability. These recalibrations are often done every four years. Staff are bringing an update on the City-wide DCL and Utilities DCL to Council on June 22, 2022.

2. Review of Current Local Economic Indicators

As part of the annual inflationary rate adjustment process, current economic indicators were reviewed to verify that the proposed rate adjustments are in-line with current local market trends and forecasts.

Economic Context

- Central 1 Credit Union is forecasting a 3.9% increase in British Columbia's Gross Domestic Product (GDP) for 2022 (5% increase seen in 2021)[4]
- Vancouver CMA (Metro Vancouver) employed labour force has increased 16,600 since April 2021, while the region's unemployment rate is 5.4% (was previously 13.6% in July 2020)[5]

Market Indicators:

- According to City data, the value of year-to-date building permits issued for commercial/industrial new builds (as of Apr 2022) has increased by over 1,200% from last year's value while year-to-date values for new residential has increased by 235%[6]
- According to CMHC, year-to-date housing starts in Vancouver (as of March 2022) have decreased by 37% compared to 2021[7]
- According to CMHC, year-to-date new housing completions in Vancouver (as of March 2022) have increased by 9% compared to 2021[7]
- According to data from the Real Estate Board of Greater Vancouver (April 2022), resale activity for Vancouver apartments has decreased 3% when comparing Jan-April volumes between 2021 and 2022. All property types saw annual price increases from April 2021 (Detached: 8-16%, Townhouse: 14-18%, Apartment: 9-11%)[8]
- Colliers Q1 2022 office market report shows Downtown Vancouver vacancy at 7.0% and the Broadway Corridor at 5.3%, an increase from a year ago, although market activity increased in Q1 2022 as workers return to the office. Annual rental rates in the Downtown and Broadway markets have increased 24% and 11% respectively[9]
- Colliers Q1 2022 industrial market report shows Vancouver vacancy at 1.4%, continuing a trend of decreasing vacancy rates at record low levels[10]

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[4] Credit 1 Central Union, BC Economic Outlook 2022-2024, Feb 2022
[5] Statistics Canada, Labour Force Characteristics Table 14-10-0380-01, Mar 2022
[6] City of Vancouver, Statement of Building Permits Issued, Apr 2022
[7] CMHC, Housing Information Portal, Mar 2022
[8] Real Estate Board of Greater Vancouver, Monthly Market Report, Apr 2022
[9] Colliers, Vancouver Industrial Market Reports Q1 2022
[10] Colliers, Vancouver Office Market Report Q1 2022

3. Development Cost Levies (DCLs)

Development Cost Levies (DCLs) are a growth-related charge collected from most new development and a significant source of funding for public amenities and infrastructure needed to serve new residents and workers. DCLs help relieve what would otherwise fall onto property taxes and other City funding.

DCLs are applied on a per square foot basis and payment is due at Building Permit issuance. DCL revenues pay for specific growth-related capital projects (as permitted by the Vancouver Charter). The City-wide DCL is allocated to park development and improvements, replacement (affordable) housing, childcare facilities, transportation, and utilities (affordable housing). The Utilities DCL is fully allocated to utility infrastructure (sewer, water, and drainage).

The current DCL system consists of 4 DCL Districts (each with its own rates) and 2 additional planning areas excluded from DCLs. The Vancouver (City-wide) and Utilities DCL Districts apply to most of the city and the 2 Area Specific DCL Districts apply to smaller planning areas across Vancouver.

DCL By-laws establish area boundaries of each DCL district. Levies collected within each district must be spent within the area boundary, except for DCLs collected for replacement housing which can be spent city-wide. DCL districts are divided into two general categories:

1. Base DCL Districts: This includes the City-wide DCL District and the Vancouver Utilities DCL District. These districts apply across the city and most developments are subject to both DCLs.

2. Layered DCL Districts: These are specific geographic areas in which the Area Specific DCL, the City-wide DCL, and Utilities DCL all apply. There are two such areas shown on the map as A and B (False Creek Flats and Southeast False Creek). These are or were industrial areas where new plans identified potential for significant redevelopment and a higher need for facilities than could be covered by the City-wide DCL and Utilities DCL alone.

Current DCL Districts

Vancouver (City-Wide) DCL Boundary

Utilities (City-Wide) DCL Boundary

Layered DCLs*

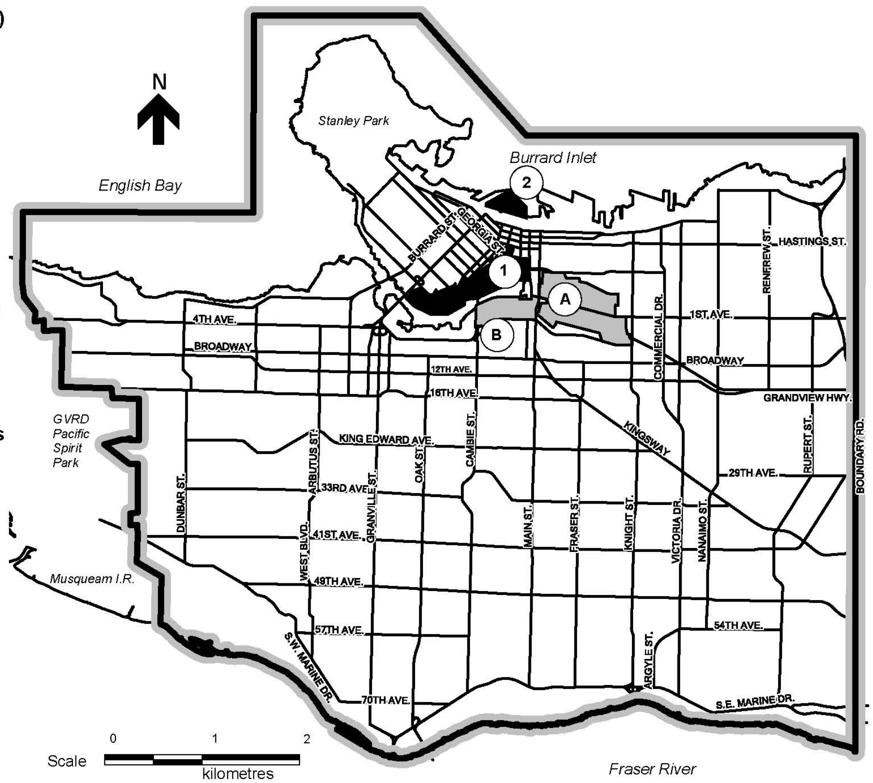
A. False Creek Flats
B. South East False Creek

* areas subject to Vancouver DCL, Utilities DCL, and applicable Area Specific DCL.

Areas Excluded from Vancouver (City-Wide) and Utilities (City-Wide) DCL Areas

ODP/CD-1s with Secured Public Benefits:

1. False Creek North ODP
2. Central Waterfront Port Lands



note: boundaries of highlighted areas area approximate and shown for illustrative purposes only.

4. 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.

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.

Current CAC Policy Areas