CITY OF VANCOUVER

COUNCIL REPORT

Report Date:	June 25, 2024
Contact:	Chris Robertson
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RTS No.:	16347
VanRIMS No.:	08-2000-20
Meeting Date:	July 10, 2024

Submit comments to Council

TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of Planning, Urban Design and Sustainability

SUBJECT: 2024 Annual Inflationary Rate Adjustment to Development Cost Levies and Community Amenity Contribution Targets

Recommendations

A. THAT Council approve, in-principle, a 2024 inflationary rate adjustment of 5.7% for the Vancouver Development Cost Levy By-law, the Vancouver Utilities Development Cost Levy By-law and the Area Specific Development Cost Levy By-law;

FURTHER THAT in recognition of the 2023 inflationary rate adjustment scheduled to come into effect on September 30, 2024 and current economic conditions, the implementation of the 2024 inflationary rate increase be deferred and included as part of the 2025 annual inflationary rate adjustment that is to come into effect on September 30, 2025;

AND FURTHER THAT the Director of Legal Services be instructed to bring forward amendments to the Vancouver Development Cost Levy By-law No. 9755, Vancouver Utilities Development Cost Levy By-law No. 12183, and the Area Specific Development Cost Levy By-law No. 9418 as generally set out in Appendix A, to give effect to the 2023 inflationary rate adjustment.

B. THAT Council approve, in principle, a 2024 inflationary rate adjustment of 5.7% for Community Amenity Contribution targets;

FURTHER THAT in recognition of current economic conditions, the implementation of the 2024 inflationary rate increase be deferred and included as part of the 2025 annual inflationary rate adjustment that is to come into effect on September 30, 2025.

Purpose and Executive Summary

This report seeks Council approval, in principle, to adopt a 2024 inflationary rate adjustment of 5.7% to Development Cost Levies (DCLs) and Community Amenity Contribution (CAC) targets, and to defer the implementation of the 2024 increase to September 30, 2025 along with next year's annual inflationary adjustment.

The inflationary rate adjustment to development contributions (e.g. DCLs, CAC targets, density bonus contributions) is applied annually and enables the City to keep pace with the increasing cost of providing growth-related amenities and infrastructure. The 2024 inflationary rate adjustment of 5.7% reflects the annual increases in the cost of land and non-residential construction. The recommendation to defer this year's inflationary adjustment to 2025 takes into consideration the deferred implementation of the 2023 DCL rate increase of 8.3% in 2024 and current economic conditions.

Council Authority/Previous Decisions

- 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 and a City-wide CAC framework.
- In October 2009, Council adopted the annual inflationary DCL rate adjustment system, with the new rates effective on September 30 of each year.
- In May 2016, Council adopted the DCL annual inflationary rate adjustments system for density bonus contributions and CAC targets.
- In July 2023, Council approved the 2023 inflationary rate adjustment of 8.3% to be deferred to September 30, 2024.

City Manager's Comments

The City Manager concurs with the foregoing recommendation.

Context and Background

Development contributions are the primary funding sources for amenities and infrastructure necessary to support population and employment growth. Development contributions offset the cost of growth and limit the impact on property taxes and other City funding sources.

The annual inflationary rate adjustments to DCLs, CAC targets, and density bonus contributions form an integral part of the City's development contribution system primarily to maintain its purchasing power year over year. Annual inflationary rate adjustments result in smaller, more predictable rate changes that are supported by the development industry. This report outlines the 2024 inflationary rate adjustments to DCLs and CAC Targets. A companion report on the July 9th Council agenda for referral, proposes the 2024 inflationary rate adjustments to density bonus contributions (RTS 16348).

Included in Appendix B is an overview of the annual inflationary rate adjustment system, the annual inflationary index from 2015 to 2024, a review of current local economic indicators, and detailed background information on DCLs and CACs.

Discussion

The annual inflationary rate adjustment includes a review of current local market trends and forecasts to inform rate adjustments. The City also retained Coriolis Consulting to assess market conditions. The Coriolis review indicates that current economic conditions remain challenging. Project costs have been negatively impacted by both rising construction costs and successive interest rate hikes by the Bank of Canada. For more on the Coriolis market assessment, see Appendix B.

In July 2023, Council approved the 8.3% deferral of the 2023 DCL inflationary rate increase to September 30, 2024. If the 2024 annual inflationary adjustment of 5.7% was applied with the 2023 annual inflationary adjustment, this total DCL rate increase for 2024 would be 14%. In light of this, and current economic conditions highlighted in Appendix B, staff are recommending that the 2024 inflationary rate adjustment to DCLs and CAC Targets be deferred and included as part of the 2025 inflationary rate adjustment.

In November 2023, the Provincial Legislature passed Bill 46: Housing Statutes (Development Financing) Amendment Act, 2023, which enables the City to expand the eligible infrastructure categories for DCLs to include essential services such as fire protection, police, solid waste and recycling facilities, and establish a new Amenity Cost Charges (ACCs) policy framework and by-laws to secure cash contributions and in-kind delivery of amenities to support livable communities and growth.

The inclusion of new/expanded categories of essential services to the DCL is welcomed. However, it is important to note that under the Vancouver Charter, DCL collection is limited to no more than 10% of the value of a development (i.e. hard and soft construction cost estimate). All other municipalities in BC, which collect Development Costs Charges ("DCC") under the Local Government Act, are not subject to a limit. With the addition of the City-wide Utilities DCL in 2018 and the need to provide new infrastructure to support new development/growth, an increasing number of development projects are now bumping up against the 10% limit. Currently, staff estimate that the 10% limit results in a reduction of ~2% of overall annual DCL revenue, which is expected to grow over time and will challenge the City's ability to deliver the core infrastructure to support housing and job growth.

Communications Plan

To ensure broad notification of this recommendation, the following engagement steps were taken:

- Posting of proposed rates on the City's Community Benefits from Development web page;
- Notice of staff recommendation in the City's Development Cost Levy Bulletin and CAC Policy; and
- Staff notification to local industry groups (Urban Development Institute, National Association of Industrial and Office Properties [NAIOP])

At the time of finalizing this report, staff had not received any correspondence from industry stakeholders.

Financial Implications

A core principle of the City's Financing Growth policies is that development should pay its fair share of growth costs. Development contributions also must be set accordingly and should not deter development or negatively impact the delivery of housing and job space.

DCLs, together with other development contributions such as CACs, density bonus contributions, and engineering conditions, help fund amenities and infrastructure to support new development and growth in the City and reduce the impact on property taxes and other City funding sources.While Bill 46 - Housing Statutes (Development Financing) Amendment Act, 2023 brought forward by the Province in November 2023 presents an opportunity for the City to modernize and optimize its Financing Growth framework and tools, the available tools for municipalities to support growth are limited and outdated. Further, the shift in housing delivery to focus on rental and non-market housing will likely result in proportionately less development contributions to support delivery of core infrastructure and amenities. As such, staff will continue to pursue advocacy through the Federation of Canadian Municipalities (FCM) on modernization of the municipal growth framework to address the core challenges associated with securing funding for renewing and expanding core infrastructure and amenities to support growth and build complete community.

It is important to note that the City's water, sewer and transportation infrastructure are integrated into broader regional systems. This highlights the critical need for a long-term regional infrastructure plan and financial strategy, including how much development contributions are collected by regional authorities like Metro Vancouver and Translink, and how costs are shared among the various municipalities across the region.

Rate adjustments to DCLs have financial implications for the City and the development industry.

Financial Implications for the City

Should Council approve the recommended deferral of the 2024 inflationary adjustment set out in this report, the City will forego approximately $8 million in DCL and CAC Target revenue.

Financial Implications for Development

Previous independent reviews by Coriolis Consulting have found that development contributions in Vancouver result in downward pressure on the cost of land, which supports affordability. This latest Coriolis review (Q2 2024) confirms that when rates are set based on economic feasibility testing, the rates will not negatively impact housing affordability or the supply of job space. If rates are set too high or do not allow sufficient time for the industry to adjust, then the supply of new housing and job space could be negatively impacted, especially in the short-term.

Based on an external review of local market conditions, it was found that the conditions have not improved since the comprehensive review and update of the DCLs in 2022. Additionally, the value of additional density has not increased from when CAC Targets were recalibrated in 2023. Please refer to Appendix B for a summary of the market conditions.

The 2024 inflationary increase of 5.7% to DCLs is not anticipated to impact project viability as it represents a minor increase relative to the overall project costs. The 2024 inflationary increase of 5.7% to CAC Targets, however, may not be appropriate at this point since land values have not materially increased. As such, staff recommend that the 2024 inflationary adjustments for both DCLs and CAC targets be deferred to 2025.

Legal Implications

Section 523D of the Vancouver Charter governs DCLs. The Vancouver Charter does not require Council to increase DCLs, and Council can lawfully defer any increases from time to time.

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APPENDIX A

DRAFT DCL BY-LAW AMENDMENTS

BY-LAW NO.

A By-law to amend
Vancouver Development Cost Levy By-law No. 9755
regarding 2024 rates

1. THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

2. This By-law amends the indicated provisions of the Vancouver Development Cost Levy By-law.

3. Council strikes Schedule "C" and replaces it with the Schedule "C" attached to this By-law.

4. A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

5. This By-law is to come into force and take effect on the 30th day of September, 2024.

ENACTED by Council this day of , 2024

Mayor

City Clerk

Schedule "C"

Category/Use	Total Development Cost Levy (Effective September 30, 2024)	Unit/ area cost
RESIDENTIAL		
Residential at or below 1.2 FSR and Laneway House	$59.01	Per m^2
Medium Density Residential Above 1.2 to 1.5 FSR	$126.98	Per m^2
Higher Density Residential Above 1.5 FSR	$254.21	Per m^2
NON-RESIDENTIAL		
Industrial (I-2, M-1, M-1A, M-1B, M-2, MC-1, MC-2 Zoning Districts)	$101.69	Per m^2
Mixed Employment (Light Industrial) (IC-1, IC-2, IC-3, I-1, I-3, I-4, I-1A, I-1B Zoning Districts)	$190.54	Per m^2
Commercial & Other	$254.21	Per m^2

Category/Use	Total Development Cost Levy Waiver
For-Profit Affordable Rental Housing – Class A	100%
For-Profit Affordable Rental Housing – Class B	86.24%

Category/Use	Rate	Unit/ Area cost
School use	$5.49	Per m^2
Childcare Use	$10.00	Per building permit
Temporary Building	$10.00	
Community Energy Centre	$10.00	
Cultural Facility	$10.00	
Community Centre/ Neighbourhood House	$10.00	
Library	$10.00	
Public Authority Use	$10.00	
Social Service Centre	$10.00	
Works Yard	$10.00	

BY-LAW NO.

A By-law to amend
Vancouver Utilities Development Cost Levy By-law No. 12183
regarding 2024 rates

1. THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

2. This By-law amends the indicated provisions of the Vancouver Utilities Development Cost Levy By-law.

3. Council strikes Schedule “C” and replaces it with the Schedule “C” attached to this By-law.

4. A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

5. This By-law is to come into force and take effect on the 30th day of September, 2024.

ENACTED by Council this day of , 2024

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Mayor

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City Clerk

Schedule "C"

Category/Use	Total Development Cost Levy (Effective September 30, 2024)	Unit/ area cost
RESIDENTIAL		
Residential at or below 1.2 FSR and Laneway House	$36.97	Per m^2
Medium Density Residential Above 1.2 to 1.5 FSR	$79.65	Per m^2
Higher Density Residential Above 1.5 FSR	$159.29	Per m^2
NON-RESIDENTIAL		
Industrial (I-2, M-1, M-1A, M-1B, M-2, MC-1, MC-2 Zoning Districts)	$31.84	Per m^2
Mixed Employment (Light Industrial) (IC-1, IC-2, IC-3, I-1, I-3, I-4, I-1A, I-1B Zoning Districts)	$59.71	Per m^2
Commercial & Other	$79.65	Per m^2

Category/Use	Rate	Unit/ Area cost
School use	$5.49	Per m^2
Childcare Use	$10.00	Per Building Permit
Temporary Building	$10.00	
Community Energy Centre	$10.00	
Cultural Facility	$10.00	
Community Centre/ Neighbourhood House	$10.00	
Library	$10.00	
Public Authority Use	$10.00	
Social Service Centre	$10.00	
Works Yard	$10.00	

BY-LAW NO.

A By-law to amend
Area Specific Development Cost Levy By-law No. 9418
regarding 2024 rates

1. THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

2. This By-law amends the indicated provisions of the Area Specific Development Cost Levy By-law.

3. Council strikes “$70.16” from section 3.7 and replaces it with “$76.01”.

4. Council strikes “$216.91” from section 3.10 and replaces it with “$234.99”.

5. Council strikes “$34.64” from section 3.10(a) and replaces it with “$37.53”.

6. A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

7. This By-law is to come into force and take effect on the 30th day of September, 2024.

ENACTED by Council this day of , 2024

Mayor

City Clerk

APPENDIX B

OVERVIEW

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 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 1).

Table 1: Annual Inflationary Index (2015 – 2024)

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
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%
2023**	8.3%	3.9%	9.2%	17%	83%
2024	5.7%	-1.0%	7.0%	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.
** In 2023, Council approved to defer the 8.3% inflationary DCL rate increase to September 30, 2024 in response to challenging market conditions.

Linking rates to an annual inflationary index results in rate increases when inflation is positive and rate decreases when inflation is negative. The 2024 BC Assessment[1] property roll for the City of Vancouver indicated a 1.0% annual decrease in assessed property value, while the Statistics Canada[2] Non-Residential Construction Price Index for Q1 2024 recorded an increase

[1] BC Assessment, Property Roll for the City of Vancouver, 2024
[2] Statistics Canada, Non-Residential Building Construction Price Index for Vancouver, Q1 2024

of 7.0% from Q1 2023. The City's 2023-2026 Capital Plan[3] is anticipated to invest 17% towards land acquisition and 83% towards construction costs.

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 2024 are based on property values that were assessed in July 2023, and Statistics Canada's non-residential construction price index is based on data from the first quarter of 2024. This could occasionally result in situations where the inflationary rate adjustment as calculated by the index does not reflect shifting market conditions. To address this, a further step in the annual inflationary rate adjustment system is a review of local economic indicators. This review helps to ensure that rates are aligned with inflationary trends.

The inflationary adjustment system provides predictability/certainty to both the development industry and the City, and has been broadly supported by industry stakeholders as this results in more incremental changes between comprehensive updates done every four years. Over the years, Council has approved inflationary rate adjustments with average rate increases of approximately 5% between 2015 and 2024 (see Table 1). It is important to note that in 2019, Council approved a 5.2% increase to non-residential rate categories, but opted not to proceed with a 5.2% increase to residential rate categories in response to weakening market conditions in residential sector. In 2020, the inflationary index was -0.8%, which is the first time rates have decreased under the inflationary index system. In 2023, Council deferred the 8.3% inflationary rate increase to 2024.

Annual rate adjustment reporting to Council occurs in June or July proposing new DCL rates, CAC targets, or density bonus contribution rates that have been adjusted for inflation. If approved, these new rates come into effect annually on September 30th.

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

2. Review of Current Local Economic Indicators

As part of the annual inflationary rate adjustment process, current economic indicators are reviewed to verify the proposed rate adjustments are in-line with current local market trends and forecasts. In addition, the City of Vancouver retained Coriolis Consulting to perform an assessment of current market conditions in Vancouver.

Economic Context

- Central 1 Credit Union is forecasting British Columbia's economy to be sluggish this year amidst financial pressures on households and businesses, although the housing markets show signs of recovery. A modest 1.1% increase in British Columbia's Gross Domestic Product (GDP) is forecast for 2024 (in comparison, recent years have seen 3.0% to 4.0% BC GDP increases).[4]

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[3] City of Vancouver, 2023-2026 Capital Plan

[4] Credit 1 Central Union, BC Economic Outlook 2024-20263, April 2024

- Vancouver CMA (Metro Vancouver) unemployment rate is 5.3% as of April 2024, which is up from 5.2% in April 2023.[5]

Market Indicators:

- According to City data, the value of year-to-date building permits issued (as of Apr 2024) is on par with where values were last year at this time, however values have decreased by half from year-to-date values from 2 years ago[6]
- According to CMHC, year-to-date housing starts in Vancouver (as of April 2024) have increased by 16% compared to 2023[7]
- According to data from the Greater Vancouver Realtors (May 2024), resale activity for Vancouver apartments decreased about 7% when comparing March-May volumes between 2023 and 2024. All property types saw annual price increases since May 2023 (Detached: 3-6%, Townhouse: 2-5%, Apartment: 0-3%)[8]
- Colliers Q1 2024 office market report shows Downtown Vancouver vacancy at 11.7% and the Broadway Corridor at 8.2%, both showing 2-3% increases from a year ago. Asking rental rates for office in the Downtown and Broadway markets have decreased 4-5% from last year.[9]
- Colliers Q1 2024 industrial market report shows Vancouver vacancy at 3.7%, increasing 2% from a year ago.[10]

Furthermore, Coriolis Consulting was commissioned in spring 2024 to perform an assessment of current market conditions in Vancouver (all market sectors were reviewed including residential strata, residential rental, office, and industrial).

Coriolis Market Condition Assessment (Spring 2024)

The following provides a high-level assessment of local market conditions by Coriolis Consulting outlining the changes from when DCLs were last updated in 2022, and the CAC Targets were last updated in 2023.

DCL Rates

Since DCL rates were increased in June 2022, project costs have increased and demand has slowed, but market values are mixed depending on the sector. Key market indicators are as follows:

a) Project costs have increased since the new DCL rates were adopted in June 2022:

[5] Statistics Canada, Labour Force Characteristics Table 14-10-0380-01, May 2024
[6] City of Vancouver, Statement of Building Permits Issued, Apr 2024
[7] CMHC, Housing Information Portal, Apr 2024
[8] Greater Vancouver Realtors, Monthly Market Report, May 2024
[9] Colliers, Vancouver Office and Industrial Market Reports Q1 2024
[10] Colliers, Vancouver Office Market Report Q1 2024

- Between Q2 2022 and Q2 2023 construction costs increased by about 8%. From Q2 2023 to Q1 2024, construction costs increased a further 4% (Statistics Canada data). In the absence of increasing house prices, rents and lease rates, increased construction costs negatively affect the financial viability of new housing development.
- On June 1, 2022 the prime rate was 3.2%. As of June 7, 2024 the prime rate is now 6.95%. The increase over the past two years has significantly increased the cost of construction and land financing for new development projects. It has also increased take-out financing rates for income producing assets (such as new rental buildings and new office buildings).

b) The value of completed space for each main product type has been stable or slightly increasing since June 2022:
   - Values for office and industrial space have remained relatively stable (or slightly increased) since June 2022 (Colliers data).
   - Rents for apartment units in Vancouver increased by 5% to 19% between June 2022 and June 2023 depending on bedroom type as shown in Exhibit 6. However, since June 2023 rents have declined by about 2% to 7% depending on bedroom type (Rentals.ca).
   - Residential values (townhouse, apartment) were generally stable between June 2022 and June 2023. However, since June 2023, values have been rising. As of May 2023, townhouse and apartment prices in Vancouver are slightly higher than June 2022 prices (Greater Vancouver Realtors).

c) MLS residential sales volumes declined significantly between June 2022 and January 2023. However, sales have generally been increasing since January 2023 and as of May 2024 are slightly higher than June 2022 levels. (Real Estate Board).

d) Vacancy rates for office and industrial in Vancouver have increased since June 2022 (Colliers).

Overall, the current market is more challenging compared to Q2 2022 (particularly due to construction cost and interest rate increases), but values for all product types remain high and re-sale activity has been increasing in recent months. The cumulative impact of the 2023 and 2024 inflationary adjustment are relatively small in the context of total projects costs (or project value) – 0.1-0.5% depending on the type of project. It should also be noted that Metro Vancouver's Board recently approved significant increases to its DCC rates that will apply starting in January 2025. The full rate increases are being phased-in over three years.

Since the DCL inflationary increases represent a small share of total project costs, it's not expected to have a material impact on the financial viability and delivery of new projects.

CAC Targets

CAC Target rates are based on the extra land value created by the additional permitted floorspace.

Since the CAC Targets were recalibrated in 2023:

a) Project costs have increased since CAC Targets were recalibrated in June 2023:
   - From Q2 2023 to Q1 2024, construction costs increased about 4.0% to 4.5%. In the absence of increasing house prices, rents and lease rates, increased construction costs negatively affect the land value supported by new development.
   - Rates have increased and decreased over the past year, but the June 2024 prime rate is the same as the June 2023 prime rate. So construction financing costs have not changed significantly over the past year.

b) The value of completed space for each main product type has been stable or slightly increasing since June 2023:
   - Values for office and industrial space have remained relatively stable (or slightly increased) since June 2023 (Colliers data).
   - Since June 2023, apartment rents in Vancouver have declined by 2% to 7% depending on bedroom type (Rentals.ca).
   - As of May 2024, townhouse and apartment prices in Vancouver are either stable or slightly higher than June 2023 prices. Townhouse prices are in the range of 2.5% to 3.4% higher than June 2023. Apartment prices are flat to 1.5% higher than June 2023 (Greater Vancouver Realtors).

c) Vacancy rates for office and industrial in Vancouver have increased since June 2023 (Colliers).

CAC rates are intended to reflect the additional land value created by additional permitted density. The market variables we reviewed indicate that the value of increased permitted density has not increased over the past year.

3. Development Cost Levies (DCLs)

Development Cost Levies (DCLs) are a growth-related charge collected from most new development and an important source of funding for amenities and infrastructure needed to serve new residents and workers. DCLs help relieve pressure on other City funding sources and property taxes.

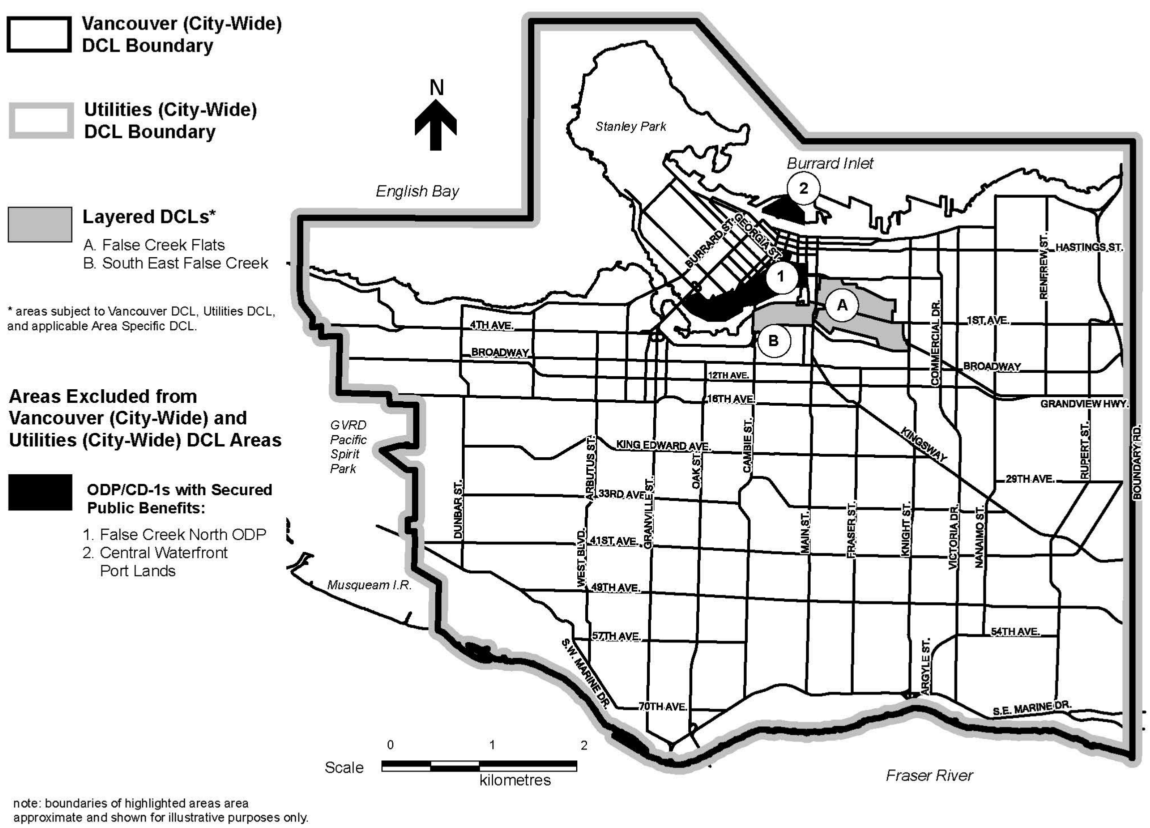
DCLs are applied on a per square foot basis and payment is due at Building Permit issuance. DCL revenues pay for specific growth-related capital projects (as permitted by the Vancouver Charter). The City-wide DCL is allocated to park development and improvements, replacement (affordable) housing, childcare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

The current DCL system, which has been significantly simplified over the years, 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 where the City has been moving towards a city-wide DCL framework. 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.

DCL Districts Map



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