

Supporting Development Viability

Unlocking New Housing Supply

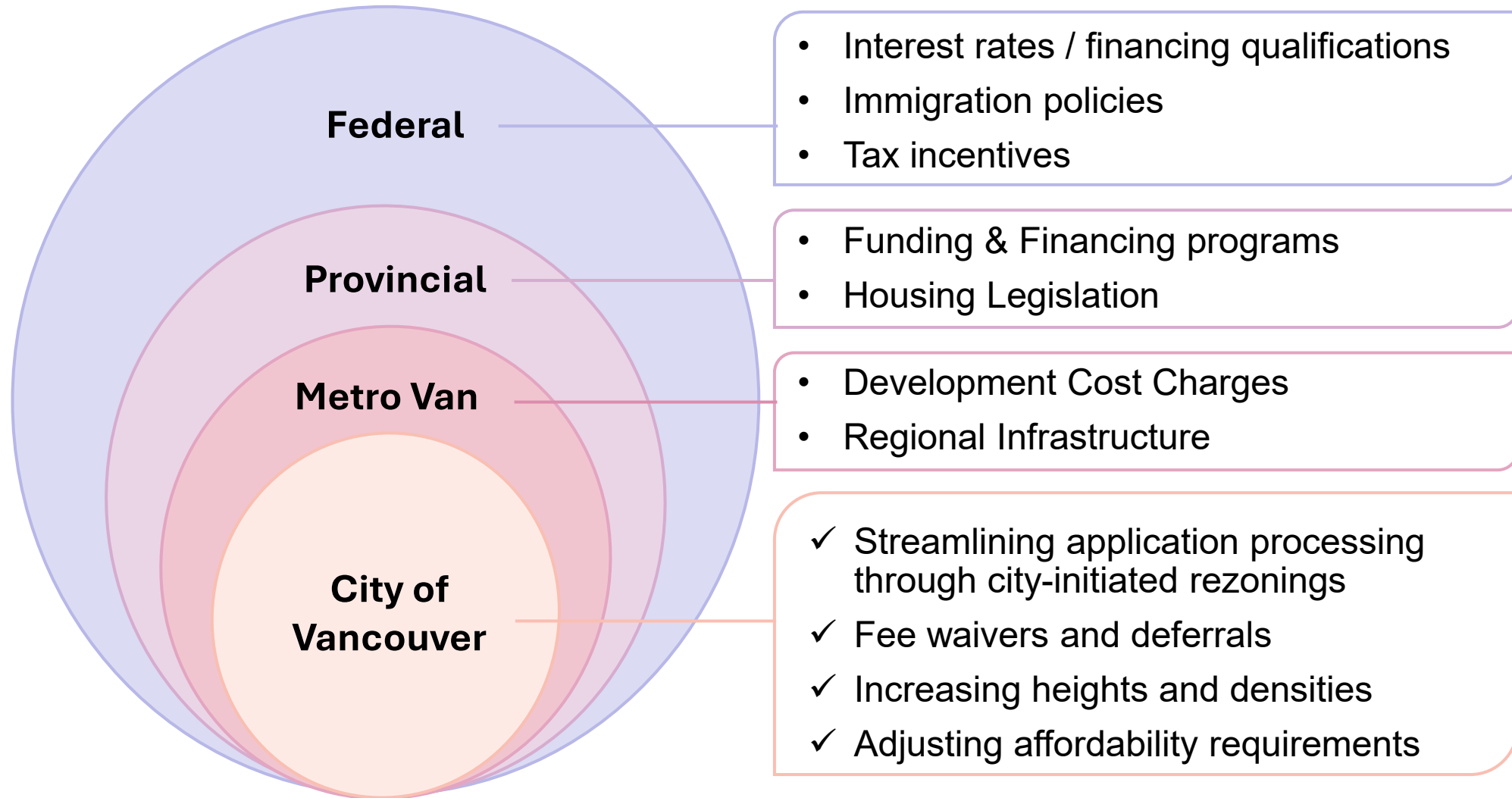
Council – December 10, 2025



Takeaways

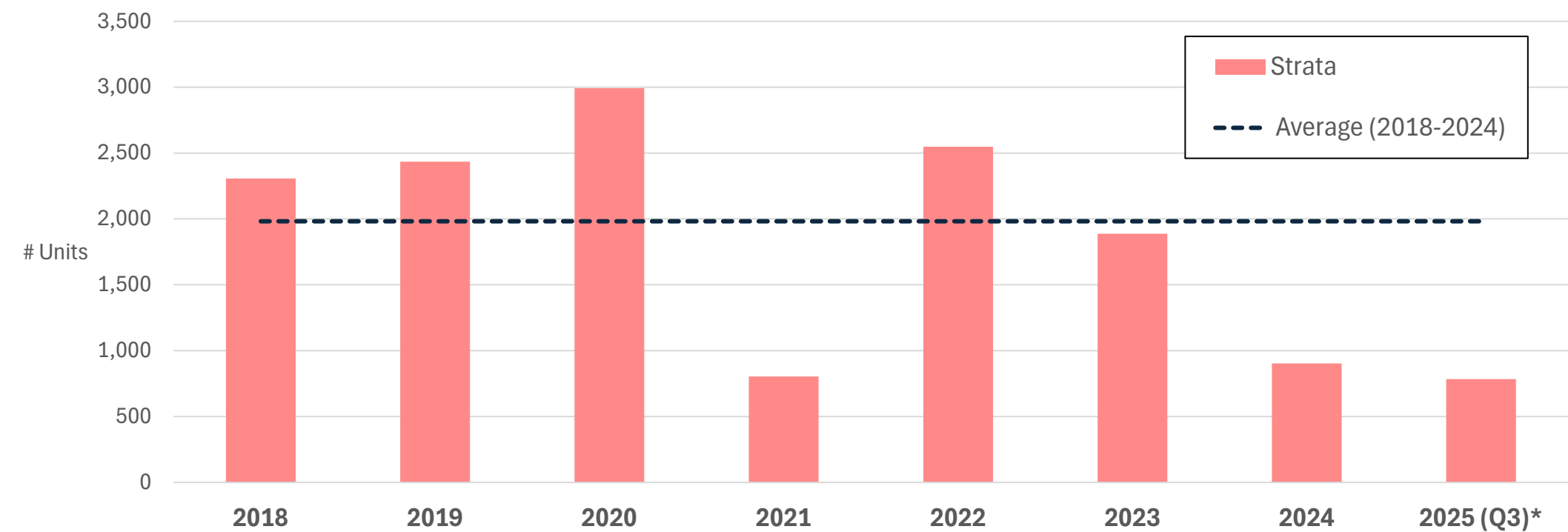
- Viability is a primary concern with respect to delivering housing supply
- No silver bullet action, multiple individual actions stacked have material impact

Multiple Factors Driving Development Viability at All Levels of Government



Strata Ownership Project Headwinds

Multi-Family Construction – Building Permits Issued For Strata

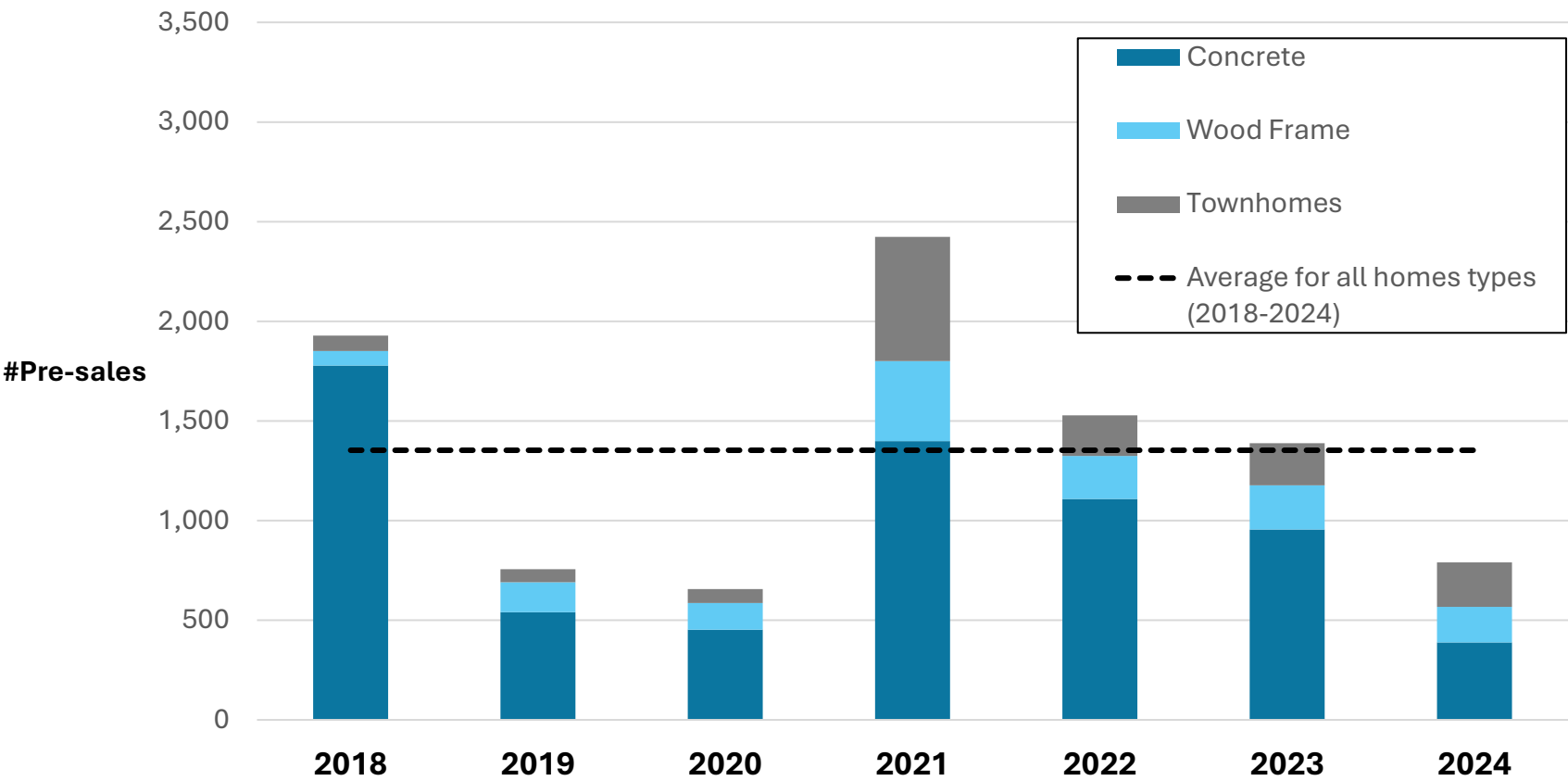


Note:
1. Strata units include condo and townhouse projects and exclude multiplex projects

Source: City of Vancouver Permit System

Strata Ownership Project Headwinds

Presales By Construction Type in the City of Vancouver Over the last 10 Years



**Lender conditions
require significant
presales to obtain
project financing**

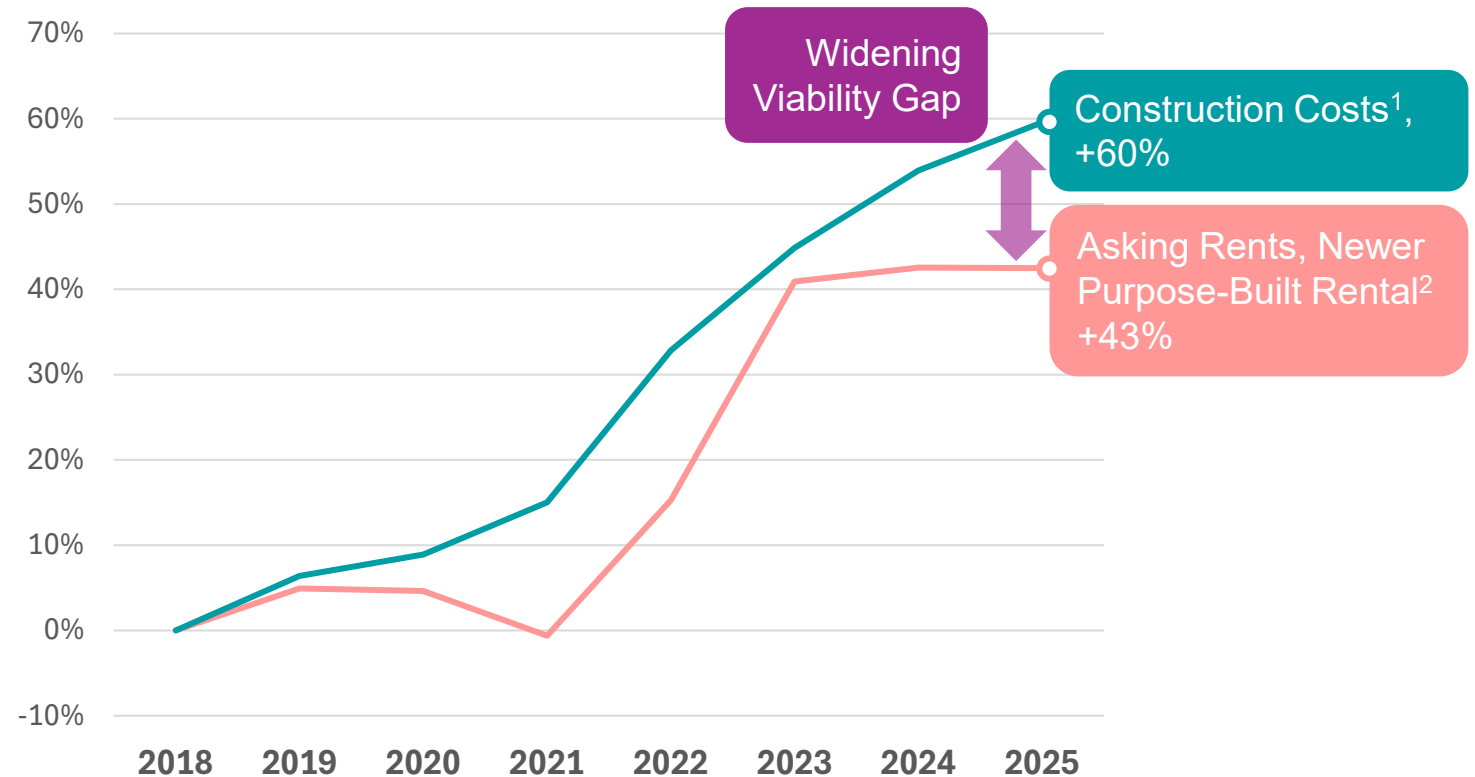
Source: Zonda Urban (provides real estate market research, including development trends and statistics)

Addressing Continued Challenges

Rents and sales prices are plateauing while cost escalation continues

- Good news for affordability
- Costs need to commensurately go down if projects are to proceed

Construction Costs and Asking Rents - % Change Since 2018



Sources:

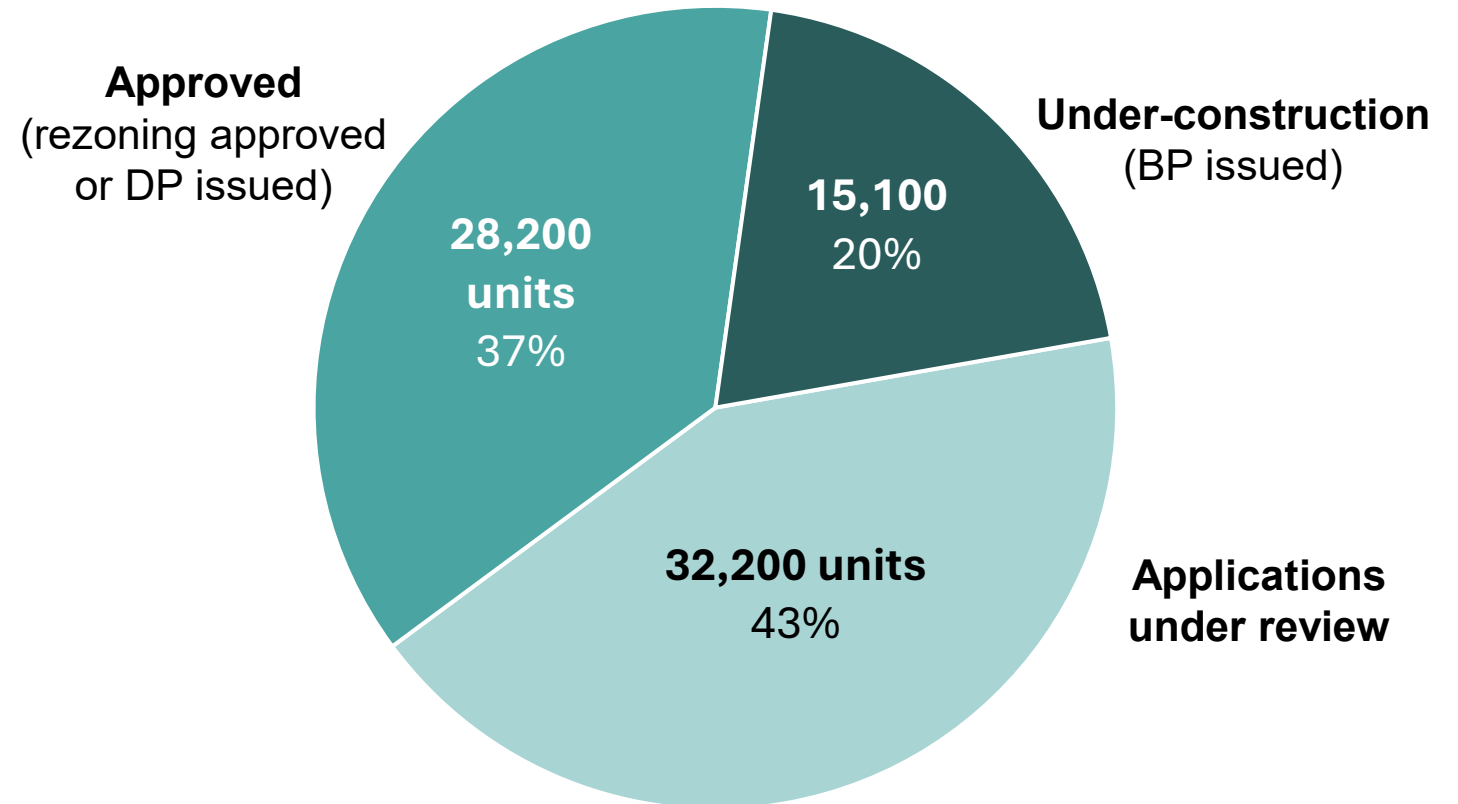
1. Statistics Canada, Building construction price indexes
2. Zonda Urban

Ensuring Housing Pipeline Advances to Construction

Despite strong recent approvals and applications, rising costs, softening rents, and difficulties to access financing create challenging economic conditions for new homes to advance to construction



Multi-Family Housing: In-Stream projects by development status as of Q3.2025*



Note:

*In-Stream projects exclude [Major Projects Sites](#) with an additional 8,500 units in the pipeline

Source: City of Vancouver Permit System

Addressing Continued Challenges

Other indicators

- Residential land transactions down
- Distressed sales up
- Layoffs in development and construction sectors
- High volume of revisited and revised projects in Rezoning.

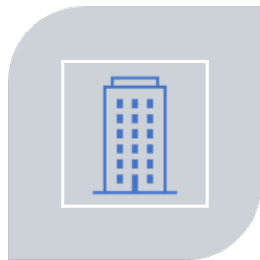
Addressing Continued Challenges

If the only reason projects are viable in a few years is that housing has not proceeded and prices have jumped again to make them viable, we will have accomplished nothing

Building on previous actions

Report #1 on development viability – June 17, 2025

- Introduced DCL deferral, modified CAC deferral policy, added surety bonds as form of security, and provided more flexibility with floorplates



**FORM OF
DEVELOPMENT**



FINANCE



**TIMING OF
PAYMENT**



**POLICY &
PROCESS**

Manage costs and risks, increase certainty

Achievable wins now



Sustained discipline

Proposed Actions

1. Adjust DCL Deferrals to Align with Province

DCL Deferral – Principles

- Support development viability while mitigating impact on City's ability to provide infrastructure to enable growth
- Align with new Provincial legislation & deferral regulations (doesn't currently apply to City of Vancouver)
- Simple to understand, implement, and administer
- One deferral framework for all DCLs/DCCs
- Applicable to ACCs when implemented later in 2026

DCL Deferral – Current & Recommended

Current:

DCLs paid in full prior to initial Building Permit (BP) issuance -OR- DCLs paid in 3 installments over a 24-month period

Recommended: 2 installments (effective January 1, 2026)

Applicable to projects with total DCLs at or above \$500k (by application, with fee):

- **Pay over 2 installments (delaying final payment by up to 4 years):**
 - **25% prior to initial BP issuance**
 - **75% due 4 years after initial BP issuance or occupancy, whichever occurs sooner**
- Secured by “pay-on-demand” Surety Bond or Letter of Credit (subject to cap)
- Rates 'locked in' when 25% payment is received & initial BP is issued

Financial implications to City are greater under modified scheme, increasing the shortfall for the upcoming 4-year capital plan

2. Temporary Reduction to Development Cost Levies by 20%

Temporary DCL rate reduction

- Temporary 20% reduction to all City-wide, Utilities, and Area-Specific DCLs to improve project feasibility during challenging market conditions
- Immediate relief for in-stream and upcoming housing projects by reducing upfront costs and supporting construction starts
- Bridging measure until Financing Growth Framework is updated in mid-2026
- Capital Plan impacts managed within existing assumptions for DCL revenue realization
- An action to aid with strata / ownership and other projects that are not eligible for waiver programs

3. Additional 20% Reduction in Cash-in-lieu Public Art Contribution

Public Art Rezoning Condition Adjustment

Current:

20% discount to Option B: Cash-in-Lieu for Public Art Contributions

Recommended: 40% to Option B

Eligibility Criteria

- All current in-stream rezoning applications that have not been considered at a Public Hearing as of December 9, 2025, and
- Where Council has considered the application following a Public Hearing prior to July 31, 2026.

Upcoming Financing Growth Update

- Transitioning away from CACs and site-by-site negotiation to more pre-set contributions (e.g. ACCs, Inclusionary Zoning, Density Bonusing)
- An integrated update to all development charges to reflect market conditions and streamline administration

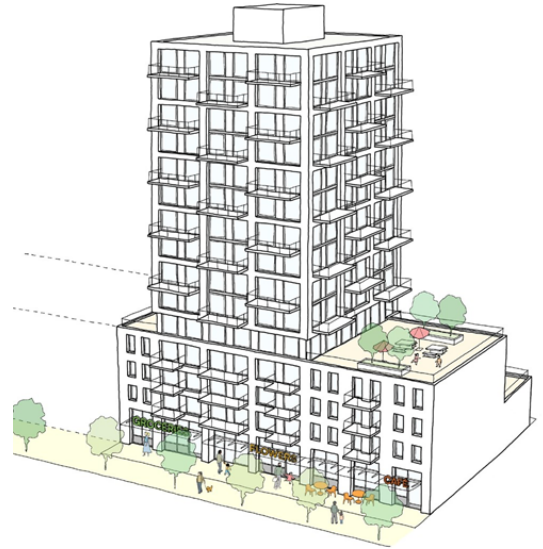
4. Rental Housing Development Relief Program: Adjustments to Below Market Rental

Two-Pronged Approach

1. Low-Rise Developments



2. Mid- and High-Rise Developments



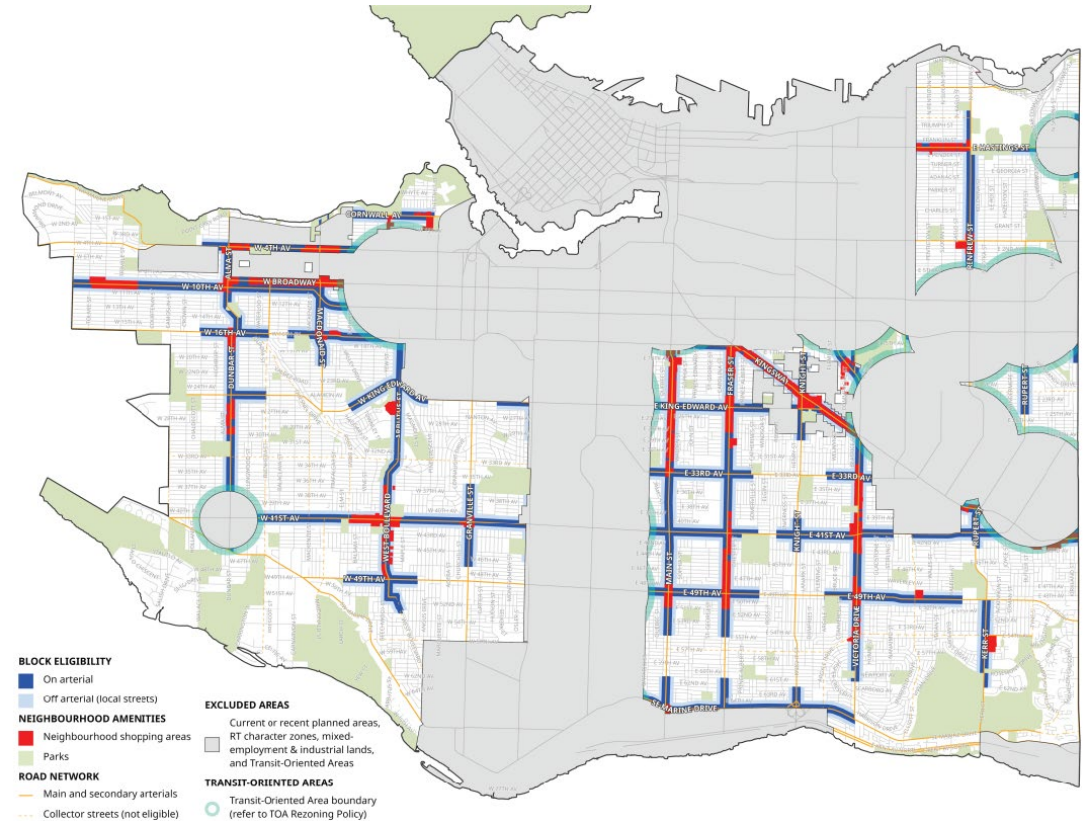
1. Supporting Low-Rise Developments

Rental Incentive Policies & Zoning Updates

Timing: Report in Q2 2026

Key Changes

- Amend Secured Rental Policy, Transit-Oriented Areas Rezoning Policy & RR Zoning Districts
- New Residential Buildings
 - 6-storey 100% market rental city-wide
- New Mixed-use Buildings
 - 6-storey 100% market rental in east side locations
 - Adjust below-market rental affordability requirements for 6-storey rental in west side locations



2. Supporting Mid- and High-Rise Developments

Rental Housing Development Relief Program

- 2-year program to help projects facing viability challenges proceed with construction to deliver much needed market and below-market rental supply
- Supports new mid- & high-rise developments (>8 storeys) while minimizing tenant displacement

Relaxations Available:

1. Adjusted maximum below-market unit rents – CMHC city-wide average market rents (w/ continued eligibility for DCL waiver)
2. Additional height and density (varies by location)
3. Reduced office floor area requirements (in certain locations)

2. Supporting Mid- and High-Rise Developments

What Projects Are Eligible?

- ✓ Rezoning (CD-1s)
- ✓ Current policy requires below-market rental
- ✓ 8+ storeys
- ✓ Less than 10 existing purpose-built rental units on site
- ✓ Has not yet started construction (do not have a Stage 1 BP)
- ✓ Not on a large site (<8,000+ m²)

Timeline Requirements

1. Must obtain Council approvals by December 15, 2027
2. Must obtain a Stage 1 Building Permit within 24 months of Council approvals

2. Supporting Mid- and High-Rise Developments

Adjusted Maximum Rents for Below-Market Rental Units

		Current Requirements		Proposed Relaxations	
Unit Type	Current Average Market Rents (Newer Buildings) ¹	Maximum Below-Market Rents (20% Below CMHC City-wide Average Rent ²)	Comparison to Average Market Rents (Newer Buildings) ¹	Maximum Below-Market Rents (CMHC City-wide Average Rent) ²	Comparison to Average Market Rents (Newer Buildings) ¹
Studio	\$2,031	\$1,294	-36%	\$1,618	-20%
1 Bedroom	\$2,449	\$1,470	-40%	\$1,837	-25%
2 Bedroom	\$3,320	\$2,052	-38%	\$2,565	-23%
3+ Bedroom	\$4,092	\$2,819	-31%	\$3,524	-14%

CMHC 2024 Rental Market Survey Data Tables – City of Vancouver

¹ Average city-wide rents for building constructed since 2015

² Average city-wide rents for all units

2. Supporting Mid- and High-Rise Developments

Opportunities for Additional Height, Density and Use Relaxations

Policy Area	Existing Policy	Proposed Changes
Broadway Plan – Centres	Max. density as outlined in the Plan	Additional density above the max. density in the Plan will be considered, while maintaining the Plan's height limits
	Min. 4 levels of non-residential uses (i.e. job space) in station areas	Lower provision of non-residential space (min. 2 levels) in station areas will be considered, except in Uptown/Cambie North
Broadway Plan – Residential Areas	Where towers are enabled, max. density of 5.5 to 6.5 FSR	Up to an additional 0.5 FSR
TOA - Tier 1	Max. height up to 20 storeys	Max. height up to 26 storeys
TOA - Tier 2	Max. height up to 12 storeys	Max. height up to 15 storeys

5. Actions to Simplify Housing Regulations

Simplifying Housing Regulations

Today's Recommendations: Direct staff to prepare and report back with regulatory changes in Q2 2026

Objectives

- Standardize, clarify and simplify requirements to improve process efficiency
- Increase design flexibility and modernize requirements
- Balance housing diversity and livability considerations

Proposed Updates

1. Simplify storage requirement & improve FSR exclusions
2. Standardize unit mix requirements
3. Enable inboard rooms

1. Simplify Storage Requirement & Improve FSR Exclusions

Standardized Residential Storage Requirement

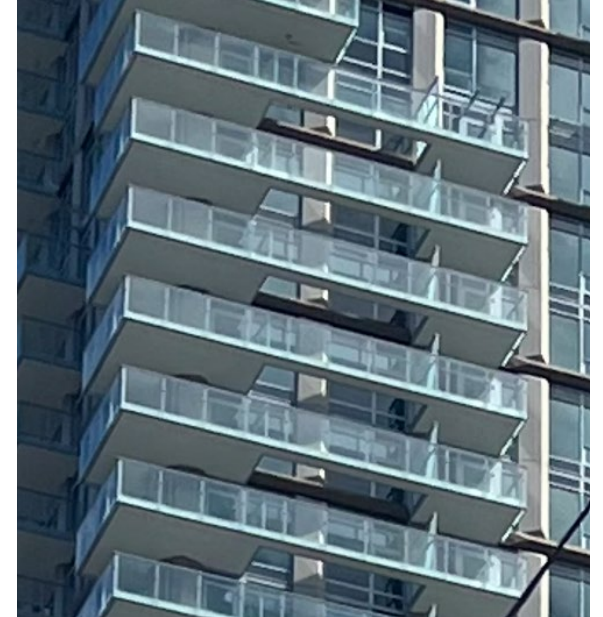
- Min. 25 ft² per unit, flexibility to locate in-suite or external
- Simplified design and configuration requirements

Simplified and Flexible Storage FSR Exclusion

- Flat rate (up to 5% of residential floor area) that ensures storage can continue to be excluded and enables additional flexibility

Remove Maximum Limit on FSR Exclusions for Balconies & Amenities

- Removes potential barriers to larger balconies and indoor amenity rooms



2. Standardize Unit Mix Requirements

Key Objectives & Considerations

- Clean up wide array of existing policies and standardize requirements for new apartment buildings (strata and rental) city-wide
- Set clear, consistent expectation with flexibility for unique circumstances
- Balance objectives of delivering larger unit types, including 3 BRs, with viability and affordability considerations, especially for rental
- Strata projects are expected to deliver significant proportions of larger unit - including through multiplex, townhouse and low-rise apartment opportunities



2. Standardize Unit Mix Requirements

Proposed Changes

- Standardized unit mix regulation for new apartment projects (strata, rental, RZ and DP-only applications)
- Min. 35% 2+ BR units, including min. 5% 3+ BR units
- Exceptions for specific project types (e.g. seniors housing), constrained sites (e.g. mid-block mixed-use low-rise) and unique locations (e.g. DTES)

Seeks to balance housing diversity and need for larger unit types with affordability and viability considerations



3. Enable Inboard Rooms

Proposed Changes

- Allow inboard rooms that may be designed and used for a variety of purposes, including:
 - Enclosed sleeping areas in studios
 - ‘Flex’ spaces that may serve as home office, storage, nursery, mud room, etc.
 - Additional bedrooms
- Continue to require a window for all bedrooms counted towards unit mix requirements
- Create clear, simple design guidelines



6. Attainable Home Ownership Pilot Rezoning Policy

Attainable Home Ownership Pilot Rezoning Policy

Pilot Rezoning Policy

- Opportunity for 4-storey strata projects that include below-market ownership units affordable to middle-income buyers
- Ongoing work with the Province; projects will require Provincial agreements and administration
- Pilot open to applications until December 15, 2027

Eligibility & Requirements:

- **Locations:** off arterial areas under Secured Rental Policy - low density transition areas
- **Affordability:** Target 20% floor area as AHO units for middle-income households
- **Unit mix:** AHO units comply with City mix requirements
- **Security:** COV Housing Agreement + legal agreements with Province must be in place prior to rezoning enactment

7. Streamlining Transportation Demand Management (TDM)

TDM Streamlining

By-law amendments

- **Up to \$4,300 per unit** or **\$31/m²** cost reduction for non-residential space & reduced review timelines
- 32 completed projects now occupied;
- Pause application and staff will assess outcomes of the program and report back in 2027

8. Streamlining Engineering Processes

Engineering – Key Initiatives

- **Sewer Capacity Review Update**

- Updated criteria aligned with VBBL rainwater limits
- **85% fewer reviews, \$300K average savings per project, \$16M total developer savings to date**
- **\$0.8M annual City savings** in staff time

- **Concept Geometrics for Applicants**

- Replaces 100% detailed City designs with 25% concept-level drawings
- **Up to 6 months faster** permitting and off-site design coordination

- **Typical Conditions for New Zoning Districts (R3, R4, R5)**

- Aligns Engineering requirements with standardized district schedules
- **Up to 50% lower off-site costs** and elimination of **12–15 month** rezoning step

9. Adjusting Large Site Policies

Sustainable Large Development and Community Benefits Agreement

- **Direction to repeal and replace the Sustainable Large Sites Rezoning Policy.**
 - Establish a simpler, outcomes-focused framework recognizing that large sites can deliver on-site amenities and housing that smaller sites cannot. Policy updates will align with the new Financing Growth Framework
- **Pause Mandatory Application of Community Benefits Agreement**
 - Review policy and align with other large sites policies and new Financing Growth Framework

10. Additional and Related Actions

Additional and Related City Initiatives

- **Permit Improvement Program (PIP)** – Enhancing Efficiency and Predictability. Aligning policy, process, and digital transformation to deliver faster, simpler, and more predictable permitting. Directly supports development viability and housing delivery under the 3-3-3-1 framework.
- **Digital Transformation** – Expanded eComply and online licensing, reducing some reviews from 16 weeks to 2 days.
- **Elimination of Traffic Impact Studies** – Saves ~\$10K per application and reduces staff review time.
- **Simplified Use Changes** – Cuts processing times by up to 12 weeks.
- **Streamlined Development Permit Conditions** – Simplified or removed one-third of standard conditions, improving consistency and speed.
- **Underground Parkade Setbacks (Broadway Plan)** – Flexible design approach supports tree and stormwater goals. \$1.6M–\$5.8M savings per project and 4–6 months faster construction timelines
- **Space Efficient Egress** – Options for apartment buildings for space efficient egress. Improves unit layout and cost.

Thank you