



URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION

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November 27, 2017

Mayor Gregor Robertson and Council
City of Vancouver
453 West 12th Avenue
Vancouver, BC V5Y 1V4

Dear Mayor and Council:

Re: Simplifying CACs on New Rental Housing and Commercial Development

On behalf of the members of the Urban Development Institute (UDI), we respectfully submit our comments in strong support of the staff report of November 28, 2017 entitled *CAC Policy Update: Simplifying CACs on New Rental Housing and Commercial Development*.

For several years UDI has been advocating for and working with staff on reforming the Community Amenity Contributions (CACs) process in Vancouver. The industry supports growth paying for its fair share of infrastructure and amenity costs. However, the CAC negotiation process has been lengthy and inconsistent. The current process also increases risks for project proponents and offers little transparency for the general public when they assess projects being proposed, or delivered in their neighbourhoods. The lack of transparency has also contributed to the land speculation that the City is seeking to discourage.

We are very pleased that the City is continuing its efforts to improve its approach to obtaining CACs by seeking to follow the 2014 Provincial Guidelines on Community Amenity Contributions. We strongly endorse the recommendations in the [staff report](#) going to Council on November 28th. If approved, the proposals will encourage the development of purpose-built rental and office projects in Vancouver, both priorities for Council.

With regard to purpose-built rental, staff found that despite requiring a lengthy negotiation process, almost 97% of rental projects resulted in **no** CACs. From their analysis, they have found several project types (80% of secured market rental rezoning applications outside of downtown) that would not result in CACs. It does not make sense for these priority projects to be unnecessarily delayed. We are pleased that staff is recommending CACs not be applied for these types of applications – especially since the provision of market-rental units are a desired public benefit.

Although for larger and/or downtown rental projects, the negotiated CAC process will still apply, staff are proposing a positive change. The CACs will be used to enhance the affordability for on-site units. UDI has been wary of the City collecting financial contributions from rental projects because we have been urging the Federal Government to encourage purpose-built rental projects through tax and other incentives. They will be less likely to do this if there is a perception that the City will be taking a portion of those incentives through CACs charges. The Federal Government would likely be less concerned if the CACs were used to enhance on-site affordability.

Nonetheless, we believe the City still needs to be careful regarding the amount of CACs it seeks from rental projects and the length of the negotiation process. We have raised concerns about the high CACs for rental units in the False Creek Flats and other sites slowing down or even discouraging the development of rental units. UDI encourages the City to monitor the impact the CACs (and the negotiation process) have on the building of purpose rental projects.

UDI is also supportive of utilizing commercial linkage targets instead of negotiating CACs for office projects. The proposed interim linkage fees are reasonable, and will remove uncertainty and delays for our members while providing the City an estimated \$3 million in annual revenues for childcare and affordable housing – on top of the tax revenues these projects annually generate for the City. UDI requests engagement in the consultations on the finalization of the linkage fee targets. We also agree with the report's approach for mixed-use projects to use the linkage targets as benchmarks for the commercial components of mixed-use projects.

Larger and/or strata office projects will still need to go through the CAC negotiation process. Again, we recommend that the City track the impact of the CACs on the building of new office space. For example, we would not want proponents reducing the office space they build to avoid the delays and uncertainty of negotiated CACs. Negotiated CACs on strata office may undermine the City's economic development efforts as some companies Vancouver is attracting may want to purchase office space. The industry needs to deliver this space as quickly and cost effectively as possible.

We are pleased that staff is planning further work to improve the CAC process. UDI looks forward to being a part of those consultations. One issue that merits more attention is the CAC negotiation process itself – especially now that many of the CAC issues for smaller/less complex sites are being addressed.

Another desirable outcome for UDI members who annually pay millions in CACs to the city, is to see some public promotion of their efforts when those new amenities, such as daycares, parks and community centres, are opened by civic governments. We contend the public would be willing to embrace more density and neighbourhood change if they see how developers and governments work together to provide these community improvements.

In conclusion, UDI would like to thank Gil Kelley, the General Manager of Planning, Urban Design and Sustainability, and his staff for their efforts in improving the CAC process and for involving the industry in those discussions. We are very supportive of the recommendations in the *CAC Policy Update* and ask Council to adopt them. They will be key to reducing processing times and mitigating risks for priority projects in Vancouver.

Yours sincerely,



Anne McMullin
President & CEO