

As many new developments within the City of Vancouver involve rezoning, a discussion of Community Amenity Contributions (CACs) is critical to understanding total land costs toward redevelopment. The development community has advocated that flat-rate CACs (as compared to the negotiated approach) are imperative to providing clarity to vendors and purchasers of development land. Are flat-rate CACs the way of the future for Vancouver?

This discussion should start with some background information. CACs are in-kind or cash contributions provided by property developers when City



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involve a negotiated CAC based on a percentage of the land value “lift” between the current and rezoned valuations. Non-Standard CACs typically represent 70 to 80 per cent of the increase in property value and take into consideration development risks, public interests and a reasonable developer profit. It is the City’s policy to use Non-Standard

larger cash contribution in lieu of providing affordable rental housing within their project. Thus far, the City has collected at least \$10 million dollars for the Affordable Housing Fund through Cambie Corridor CACs.

Below is a list of the CACs negotiated (based on the net increase to density) within the Cambie Corridor. (The CAC is calculated on buildable square foot or Bbl.)

Has the negotiated approach to CACs stagnated development within the Cambie Corridor and dissuaded developers to build in the City? Probably. But we may never know, given the many factors involved. I can say that a number of our clients were apprehensive to buy land in the Corridor prior to seeing results from the first CAC negotiations.

Here are the facts: of the 39 rezonings in the City of Vancouver since May 2011 (the approval date of the Cambie Corridor Policy), only four have been within the Cambie Corridor. During the same timeframe nine sites in Downtown and six sites in Southeast False Creek (SEFC) were rezoned.

Now consider the future. The Cambie Corridor has nine applications in the process while Downtown and SEFC have 17 and two applications respectively. I expect that land constraints in SEFC have limited the number of rezonings in that area and we must consider that four of the Downtown applications are as a result of the race to build office space. Does the increased number of applications mean that developers are more confident to redevelop

COMMUNITY AMENITY CONTRIBUTIONS

Flat-rate CACs would provide greater clarity for Vancouver developers

Council grants development rights (i.e. typically increased density) through rezoning. CAC funds are typically used for parks, libraries, childcare facilities, community centres, transportation services, cultural services and neighbourhood houses. CACs are in addition to Development Cost Levies (DCLs) where applicable.

The majority of rezoning applications in the City are subject to CACs, which can be classified two ways: “Standard” and “Non-Standard Rezonings”.

Standard Rezonings use a flat rate approach (\$3.00 per sq.ft. to the net increase in density as a result of the rezoning) and generally apply to smaller projects outside the Downtown.

Non-Standard Rezonings

Rezonings for larger sites (over two acres), changes of use from industrial to residential and any rezoning in the Downtown area. Council has the authority to dictate whether a site’s CAC will be flat rate (Standard) or negotiated (Non-Standard).

Non-Standard Rezonings tend to be a heated topic, with the “Cambie Corridor” receiving significant attention since its approval in May 2011. All rezonings within the Cambie Corridor are negotiated with a priority of achieving 20 per cent of proposed units as affordable rental housing. It is possible to locate said rental housing offsite; however, this would require a larger CAC. It is interesting to note that with half of the negotiated CACs within the Cambie Corridor, the developer has opted for a

**“The
development
industry is
watching
this very
closely”**

| Address | Developer | Policy date | Rezoned FSR | CAC | CAC/Bbl | Comments |
|---------------------|-------------------|-------------|-------------|-------------|---------|--|
| 4533-4591 Cambie St | Intergulf | Jan 13 | 2.50 | \$7,475,000 | \$58.86 | *CAC adjusted for sewer upgrade of \$975,000 |
| 6361-6385 Cambie St | Wanson | Jan 13 | 3.29 | \$2,664,000 | \$53.62 | |
| 4837-4861 Cambie St | Mosaic | Nov 12 | 2.05 | \$1,020,500 | \$35.60 | Six market rental units plus cash CAC |
| 8018-8136 Cambie St | Intracorp | Feb 12 | 5.80 | \$5,600,000 | \$16.40 | 110 market rental units plus cash CAC |
| 8440 Cambie St | PCI | Jun 11 | 4.17 | \$7,434,000 | \$30.18 | 46 market rental units plus cash CAC |
| 6309-6337 Cambie St | Cedar Development | May 11 | 2.90 | \$2,200,000 | \$52.56 | |

within the Cambie Corridor? Possibly, since the negotiated CACs for rezoned projects with rental units offsite is relatively consistent (shown at \$53 to \$59 per sq.ft. buildable on list). It is also worth noting that at least seven assembled sites in the Cambie Corridor have traded hands in the past 12 months, as compared to four during 2011.

Flat-rate CACs?

Will the City focus more on flat-rate CACs in the future? Flat-rate CACs are challenging since the total expected revenues must sufficiently cover the (partial) cost of new amenities, but not be so high as to deter rezoning and redevelopment. The development industry is watching this very closely.

In January 2013 the City announced flat-rate CACs at the Little Mountain Adjacent Area. Rezoning proposals for densities of 1.5 to 2.3 Floor Area Ratio (FAR) will be subject to

CACs of \$23 per sq.ft. This rate is only applied to the net increase in floor space allowed by a new zoning. Perhaps this is a prelude to public benefit policies within future community plans. In the upcoming years it will be interesting to follow the six new community plans that are currently underway for the Downtown East Side, Grandview-Woodland, Marpole, Mount Pleasant, Norquay Village and the West End. ■

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