

# Barbara Yaffe: Vancouver owes developers a clear and efficient way of setting amenity contributions

Current system of closed-door negotiations for each project causes delays, increases housing costs

VANCOUVER SUN MARCH 14, 2014



Condo tower under construction in Vancouver. The amenity contributions paid for increased density are mostly done on a case-by-case basis and that causes delays and increased costs.

**Photograph by:** Gerry Kahrman, PNG

Vancouver is leaning too heavily on the city's developers for cash contributions to build community amenities such as libraries and parks.

That charge comes from the Pacific branch of Urban Development Institute, an organization representing the local real estate development industry.

The group asserts it's time to end the practice of negotiating Community Amenity Contributions on a project-by-project basis. It wants a transparent, standardized system put in place.

When he was appointed Vancouver's planning manager two years ago, Brian Jackson spoke in favour of UDI's position, stating: "I think the one-by-one negotiation of [amenity contributions] is problematic for the development community, and it is something I would like to pursue in correcting in this city."

Alas, two years later, the system is changing only slowly. Jackson said he's committed to change, slowly increasing the number of rezoning applications subject to fixed-rate contributions. "Though there will always be sites where negotiation is more appropriate," he adds.

He calls it "a work in progress."

Amenity contributions have been paid by developers for years in exchange for building-density bonuses awarded by the municipality.

Here's how the system works: When Vancouver rezones a developer's land to award it greater density, boosting profit for the developer because they can build more residential units — it turns around and negotiates with the developer for a payment of 70 to 80 per cent of a designated portion of his expected additional profit, to be used for community amenities.

In 2011, the industry paid \$180 million in contributions; in 2012, \$68 million.

The money finances daycares, community centres, heritage preservation, transit services, libraries, parks, and cultural facilities that otherwise either would not get built, or have to be financed by taxpayers.

On its website, the city acknowledges that amenity contribution "policies vary across the city and are applied differently, depending on planning and land use change." Only in select parts of Vancouver is a flat-rate amenity contribution charged.

Developers don't object to making the contributions, but complain the system whereby the charges are established is a lengthy, complex, behind-closed-doors process that slows development and causes higher housing costs.

Even the slightest suspicion these contributions add to housing cost in an already unaffordable city is controversial.

Explains institute CEO Anne McMullin: "Some municipalities have set their contribution levels too high, which has either stalled development and/or negatively impacted housing prices."

And, she adds, the "complex, negotiated approach causes processing delays, increased holding costs and a high level of risk."

Jackson's 2012 remarks showed considerable sympathy for the developers' perspective: "We ask our developers to do a lot. One of the things they have asked for is certainty. I think there should be a standardized approach to (amenity contributions)."

It's worth noting, a developer's amenity contributions get negotiated after his land acquisition has been made. This obviously makes it difficult for developers to have all the fiscal facts at hand at the point when they're purchasing land from a seller.

Developers also must pay the contributions up front, before they've built their building and reaped their profit.

The uncertainty created for the developer discourages smaller, worse financed builders, restricting the market place to an oligarchy of big developers.

Many believe the developers simply pass along the costs of the amenity contributions to their residential buyers, boosting housing costs.

Reduced competition in the developer marketplace also leads ultimately to higher pricing for buyers.

Amenity contributions, from the community's viewpoint, clearly serve a good purpose. It's smart to have clear, transparent and efficient pricing for the geese laying the golden eggs.

[byaffe@vancouversun.com](mailto:byaffe@vancouversun.com)

© Copyright (c) The Vancouver Sun