

August 13, 2025

Johannes Schumann
Director, Neighbourhood Planning and Urban Design
City of Burnaby
4949 Canada Way
Burnaby, BC V5G 4A3

Re: Inclusionary Rental and Community Benefit Bonus Consultation

Dear Mr. Schumann,

The Urban Development Institute (UDI) appreciates the opportunity to engage on the City of Burnaby's financial testing for the Inclusionary Rental and Community Benefit Bonus Bylaws. We recognize the City's commitment to transparency in development-related policy work and value the chance to engage in constructive dialogue. We believe the policy framework has been well-conceived by City staff. However, neither of the supporting third-party financial analyses provided (Coriolis and Parcel) is sufficiently accurate and needs to be revised to enable the housing industry to deliver on the City's policy objectives.

Given the significant impact of these policies on project viability and attainable housing delivery, it is essential that the financial analysis reflects current market conditions, particularly cost and revenue assumptions, and the cumulative effects of existing and proposed requirements on development feasibility. Following our review of the City's reports and financial models, we have concerns that several key inputs and assumptions materially overstate project viability:

- **Revenue assumptions appear high** compared to actual resale and pre-sale performance in some submarkets, particularly Brentwood and Metrotown, over the past two years. While some individual sales may have achieved higher prices, revenue assumptions must take into account the overall pricing needed to achieve sufficient absorption to meet bank pre-sale financing conditions within REDMA timelines. Higher-priced towers with few sales comparables reflect unique situations and/or revenues that will not generally provide adequate sales velocity to allow projects to advance to construction.
- **Construction, financing, and marketing/sales costs are significantly understated;** certain cost centres, including the full impact of DCCs, ACCs, Tenant Relocation and Protection Policy (TRPP) obligations, offsites and

- engineering charges, TDMs, public art, and other soft costs were either understated or were not captured in the analyses.
- **The current inclusionary requirements are not economically viable** under present market conditions. As a result, the onerous requirements risk preventing the City from securing density bonus proceeds, which are an important funding source for other civic amenities.

To address these concerns, we recommend that the City:

1. **Undertake an independent peer review** of the pro forma to validate all inputs, including current construction costs, financing costs, and achievable revenues based on current market conditions. This review should occur annually as the bonus density and inclusionary rates are reviewed. The inclusionary and density bonus policies should be developed from the same set of current, peer-reviewed facts to ensure accuracy and consistency, particularly given that the two financial analyses provided (Parcel and Coriolis) have significantly different inputs.
2. **Address missing cost centres** and ensure all development-related expenses are included, including the cumulative effect of DCCs, ACCs, TRPP requirements, and other municipal and provincial charges. We further recommend providing more detailed cost breakdowns to ensure that these are accounted for.
3. **Consider allowing flexibility for off-siting** inclusionary units within the same quadrant or citywide and embed this flexibility in policy to avoid unnecessary site-specific refusals. Wood frame construction is more economical than concrete for delivering inclusionary units. Allowing off-siting can improve the viability of challenged projects and create economies of scale by enabling developers with small quantities of inclusionary housing to consolidate these units, which can support financing and operational efficiency.
4. **Review DCC/ACC treatment**, including waiving ACCs and DCCs on inclusionary and bonus density units to improve project viability and encourage Community Benefit Bonus uptake.
5. **Incentivize bonus density** to ensure it is financially viable and a sensible investment for developers. This could include a “stepping-down” of rates as more density is purchased as higher-density projects often involve additional costs such as more onerous structural requirements and additional elevators, which can impact financial returns. To help address this and the challenging market environment, the City of Coquitlam began offering a temporary discount on Density Bonus payments for applications to help keep projects moving.
6. **Revisit TRPP requirements** in the context of inclusionary zoning, ensuring fair treatment where existing rental replacement obligations exceed the viability thresholds under new policy.
7. **Engage in further consultation with UDI** on the economic analysis to ensure the data, assumptions, and methodologies are reflective of market realities and will support the City’s housing and amenity objectives.

Given the material flaws in the current analysis and the significant policy implications, **we strongly recommend that the City delay bringing this report to Council** until the financial testing is corrected, peer reviewed, and followed by further consultation with the development industry. We would appreciate additional time to thoroughly review the report and look forward to further consultation and discussion.

UDI remains committed to working with the City to refine the analysis and policy framework so that it is both economically viable and capable of delivering the housing outcomes Burnaby is seeking.

Sincerely,



Anne McMullin
President and CEO, Urban Development Institute