



URBAN
DEVELOPMENT
INSTITUTE

SUITE 650
1050 W PENDER STREET
VANCOUVER, BC V6E 3S7

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Josh White
City of Vancouver
453 West 12th Avenue
Vancouver, BC V5Y 1V4

Re: Feedback on City of Vancouver Development Viability Meeting (October 6, 2025)

UDI appreciates the continued collaboration with City staff on initiatives to improve development viability and unlock new housing supply. The discussion and updates at the October 6 meeting reflect positive progress, and we support the City's recognition that the current economic environment demands urgent, coordinated action to keep projects moving.

That said, several areas require further refinement to ensure that upcoming policy changes meaningfully improve project feasibility.

1. Inclusionary Zoning and Affordability Requirements (RR/C2, Broadway, and Beyond)

We support the City's efforts to adjust affordability requirements in the Broadway Plan and RR/C2 areas, specifically the move toward using CMHC average rents as the affordability requirement for mid- to high-rise developments. However, we remain concerned that the City has chosen not to conduct and delay the updated financial viability testing to reassess the percentage of Inclusionary Zoning units required. Reducing the depth of affordability is a step in the right direction, but it does not address the core issue that the number of required Inclusionary units remains too high for projects to be feasible under current cost structures. Following financial viability testing, the City of Burnaby and the City of New Westminster both have reduced their unit count to a maximum of 10% of total units (and as low as 5%). As an additional option, the City could allow projects that start in the near term to proceed as 100 percent market rental and this would provide a straightforward path to delivery and reduce administrative complexity – Burnaby has removed Inclusionary Zoning requirements for PBR following their viability testing. Without comprehensive

financial testing and recalibration, Inclusionary Zoning will continue to significantly constrain new housing supply.

Additionally, if the CMHC average benchmark is adopted, the DCL waiver bylaw must also be adjusted so that projects providing rents at or below CMHC average remain eligible for the waiver. Otherwise, the benefits of the affordability change will be offset by the loss of the DCL waiver.

Further clarification is also needed on what is meant by “future updates to the inclusionary housing bylaw” and whether the Tenant Relocation and Protection Policy (TRPP) will align so that affordability levels are consistent. It should be clear whether tenants will receive the lesser of CMHC average rents or 20 percent below CMHC average.

2. CMHC Alignment

There remains a disconnect between the City’s affordability requirements and CMHC’s definitions and credit recognition. The City’s affordability term of 60 years and CMHC’s criteria are not well aligned, and affordable units with two or three bedrooms are not being recognized by CMHC for programs even when priced well below market. This limits access to CMHC programs that could otherwise support project viability. Greater coordination between the City and CMHC is needed to align objectives and ensure these units are properly credited.

3. Time-Limited Rezoning Approvals

UDI has significant concerns with the introduction of time-limited rezoning approvals. While we understand the City’s intent to encourage projects to proceed in a challenging market, this approach would add substantial risk and uncertainty for applicants and investors. The prospect that project entitlements could expire if enactment does not occur within a defined period would undermine confidence, deter investment, and ultimately slow rather than accelerate housing delivery.

The underlying issue is not project delays, but the lack of financial viability created by policy requirements that have not kept pace with current market conditions. For example, if the City recalibrated its below-market rental policy to reflect current market realities, projects would have a better chance to advance without the need for time-based mechanisms or case-by-case negotiations.

Instead of time-limited zoning, the City should consider time-based incentives that incentivize projects which move forward promptly. Coquitlam recently reduced bonus density rates for projects that proceed to construction within a set timeframe. As noted

above, the City could also allow for projects that are 100 percent rental to proceed without being subject to affordability requirements.

Time-based zoning would have the opposite effect of what is intended. It would introduce new uncertainty into an already fragile market and make it even more difficult to deliver much-needed housing.

4. Value Engineering and Cost Reduction Opportunities

To improve development viability, the City must place greater focus on reducing the overall cost of constructing new buildings. Many regulatory requirements no longer reflect current market realities or consumer demand and add unnecessary cost. UDI recommends reviewing the following areas for reform:

- The Transportation Demand Management (TDM) Policy is misaligned with market realities and is in desperate need of review:
 - Visitor parking minimums, which remain excessive given the City's transportation and mode-shift goals;
 - Vancouver's bike parking requirements are currently onerous, and at a minimum, the city should conduct a utilization study similar to Surrey's, which led to a reduction in their requirements from 1.2 to 0.4 spaces per unit;
 - Transit passes are often favorable for a project, but given the cost, are often foregone in favor of other measures;
- Public art contributions, which could be suspended or reduced on housing projects;
- Balcony requirements are embedded in design guidelines, which increases costs and reduces energy efficiency;
- Minimum amenity space requirements, which should be left to market determination; and
- Prescriptive energy performance targets in the Vancouver Building By-law, which increase costs and limit design flexibility without proportional benefit.

These changes would help reduce construction costs without impacting City finances. They would also allow more projects to proceed by letting the market guide design and amenity choices rather than relying on prescriptive standards.

5. Applicability of Policy Changes to Approved Projects

Clarification is needed on how future policy adjustments and short-term incentives will apply to approved or enacted projects. Developers may delay starting construction if doing

so means they will miss out on future improvements to affordability or design requirements. If the City wants to accelerate housing starts, it should ensure that projects under construction can still benefit from future changes, at least up to the point of occupancy rather than building permit issuance.

6. Aligning Policies with Market Realities

Across all areas, including parking, amenities, and inclusionary requirements, policies should reflect today's demand and financial context. Many standards were developed under very different cost and interest rate conditions and now represent significant barriers to project feasibility. Aligning policies with what the market can sustain is critical to bringing more attainable homes forward.

Conclusion

UDI appreciates the City's continued engagement and the work done to identify measures that can help address current challenges. However, development viability has continued to deteriorate, and incremental adjustments will not be enough to bring projects forward in today's environment. The City must move quickly to align affordability programs, reduce unnecessary regulatory costs, and ensure that policy changes apply broadly to projects already approved. Doing so will have an immediate and measurable impact on housing starts, job creation, and the delivery of attainable housing.

UDI remains committed to working with staff to develop practical solutions that reflect both financial realities and shared housing objectives.

Yours sincerely,



Anne McMullin
President and CEO, Urban Development Institute