



URBAN
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Chris Clibbon
Senior Planner
City of Vancouver
453 W 12th Ave
Vancouver, BC V5Y 1V4

Re: City of Vancouver Financing Growth Policy

Dear Mr. Clibbon,

The Urban Development Institute (UDI) is appreciative of the City of Vancouver's efforts last December to support housing delivery, particularly in light of current economic conditions, which are stark.

With this in mind, as the City advances its Amenity Cost Charge (ACC) Bylaw and introduces updates to its Development Cost Levy (DCL) Bylaw, we urge careful consideration of current market feasibility and the cumulative impact of these charges on top of other fees and taxes, as well as other regulatory requirements on projects. The City's review of development financing is a critical opportunity to go further in recalibrating the cost burden on new development. Failing to act decisively and boldly will entrench the current slowdown and set back new housing, amenities, and City revenues for years.

As discussed in our meetings, there is significant uncertainty in our sector. Construction costs, government fees, and other requirements remain volatile. Population and sales are declining while we are seeing rising vacancy rates. This is all resulting in a rapidly deteriorating market in which few projects can launch. In this context, additional cost pressures will delay projects further and risk prolonging the slowdown in housing delivery, delaying the recovery and creating a gap in future supply.

This is largely due to the cost-of-delivery crisis. Purchasers and renters have "*hit a wall*" in terms of what they can afford to pay for housing, as our members can no longer deliver new housing at purchase prices or rents that British Columbians can afford.

Before the ACC and DCL rates are proposed, ***UDI recommends a robust analysis*** that accounts for the cumulative impact of market realities and government-imposed costs.

This needs to include careful attention to key inputs and assumptions, so that revenues are not overstated, and costs understated – an issue that has arisen in other reviews by municipalities. ***To support this analysis, we strongly urge the City to engage directly with the development industry to provide meaningful input on the financial analyses that inform these policies before they are brought forward for consideration.***

We have heard clearly from our members that the priority at this time should be stabilizing the development environment. This includes the need to be cautious when introducing new costs and, if possible, reduce the cost burden to improve project viability. This is critical, because if the proposals drive up costs and continue to slow the advancement of new projects, the City will not be receiving the anticipated revenues, infrastructure, amenities, and affordable housing – on top of fewer market homes being delivered.

In December, the City of Vancouver announced a suite of initiatives to respond to current market conditions and support housing delivery, including the introduction of a temporary 20% DCL discount. Considering the potential for housing delivery has not improved meaningfully, in staff's future report to Council, ***we recommend including an option to further explore measures and/or discounts to DCLs and other fees*** to reduce their impact on projects. This needs to reflect today's economic realities and help ensure that projects can move forward. A reduced interim rate would provide near-term stability, maintain project momentum, and support continued housing delivery during this challenging market.

Even with this, other measures and initiatives may be necessary to improve the viability of projects to the point that many can proceed. This includes reviewing the City's Inclusionary Zoning requirements.

The City has made meaningful progress in working collaboratively with industry and introducing needed mitigation measures – momentum which we are eager to build on together. Increasing fees at this time risks placing additional pressure on housing supply and undermining the progress achieved to date.

Yours sincerely,



Michael Drummond
Interim President and CEO, Urban Development Institute