

# 2025 Development Cost Charges Impact Analysis

## Metro Vancouver Regional District

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# List of Acronyms and Abbreviations

| Acronym | Full Description of Acronym |
|---|---|
| BC | British Columbia |
| BCPI | Building construction price index |
| CPI | Consumer price index |
| DCCs | Development cost charges |
| NHPI | New housing price index |
| Sq.ft. | square foot |

# Executive Summary

# Executive Summary

## Purpose of Analysis

Metro Vancouver retained Watson & Associates Economists Ltd. (Watson) to undertake an analysis of development cost charges (DCCs) in the context of the current housing market. The objective of this analysis is to review the metrics related to the current housing market and assess whether DCCs may be impacting development activity across Metro Vancouver.

## Assessment of Metro Vancouver Housing Market (2020-2024)

Various leading indicators of the housing market have been reviewed to identify potential trends for the future. Many of the indicators are signaling a downward trend, especially in the last two years, which may lead to a further decline in the housing market in future years. The following subsections provide a high-level summary of some of the various leading indicators reviewed:

### New Housing Registrations

Given that all new homes must be registered prior to the issuance of a building permit and start of construction, new housing registrations can be considered an earlier indicator of housing activity compared to housing starts or building permit registrations. Housing registrations for single units have been on a downward trend since 2021, whereas new housing registrations for multi-unit developments have remained at approximately the same level.

### Housing Starts

Over the past 5 years, Metro Vancouver had a total of 135,700 housing starts. Approximately 80% of all housing starts (107,800) took place in Burnaby, Coquitlam, Langley Township, Richmond, Surrey, and Vancouver. Further, apartments appear to comprise the majority of new housing given that in 2024, 79% of all new housing starts were apartment units.

Housing starts for apartments peaked in 2023, at 25,600, and decreased slightly in 2024 to approximately 22,000 but are still trending above 2021 levels, whereas the

starts for all other unit types have declined relative to 2021. This may be a result of the additional lead time required for the development of apartment units relative to other housing types. For apartment building construction, investment in the land and housing registrations would occur a number of years prior to construction. Therefore, if the market for apartments were to decline, the effects may not appear in new housing start data for two to three years.

**New Housing Price Index (NHPI)**

The NHPI is a monthly index measuring the change in the selling price of new homes over time. From 2020 to 2024, house values in the Vancouver Census Metropolitan Area have increased by 20% whereas land values have increased by 16%. The increase in new house prices needs to be weighed against the increasing cost inputs into housing development (e.g. building materials and construction costs) to determine if the increase in prices are sufficient to cover the additional costs.

**Building Construction Price Index (BCPI)**

The BCPI is an index that measures the change in builders' cost of constructing new development. Monitoring the BCPI can be beneficial for analyzing the housing market as it generally correlates with the NHPI (as discussed above); higher cost to the builders is likely to lead to higher house prices.

The BCPI within Vancouver (Census Metropolitan Area) has increased over the 2020 to 2024 period for all residential development types, with single-detached dwellings increasing by 45.5%, townhouses by 44.7% and apartments by 40.0% (see Figure 2-8 below). The BCPI has increased at a faster rate than the NHPI indicating that costs have risen at a faster rate than the sales prices of new homes, potentially eroding profitability of development through higher construction costs.

**Residential Permit Values**

Permit values represent the estimated construction cost of the work being completed and provides an indication of the level of investment into new housing. Permit values for single dwellings peaked in 2022 and have been declining since that year, although the value for multiples has still remained above the totals before the peak in 2020 and 2021. This signals that investments into single dwelling construction have been on a

consistent decline, while the investment in multiple dwellings still remains relatively strong.

**Summary of Metro Vancouver Housing Market Trends**

Based on the data summarized, it appears that new housing activity has started to trend downwards, particularly for single units, but has remained relatively strong for new multi-units/apartments. In reviewing the housing registrations throughout the economic slowdown in 2008/2009, the registrations in single dwellings began decreasing before the multi-unit dwellings. This may be a result of the extended development/permitting time prior to the registration of new units that is required for multi-unit/apartment developments relative to single family homes. Since the registrations for single dwellings have begun to decline in the last two years, and there are observed increases in building construction costs and financing costs, it is possible that multi-unit residential building registrations may also begin to decline over the coming years.

## $ Summary of Current DCCs

The cumulative DCCs for Metro Vancouver, Translink, and the respective member jurisdictions throughout the regional district range from $33,700 to $89,400 per single detached unit and from $18,900 to $54,600 per apartment unit. Metro Vancouver's DCCs comprise between 21% to 63% of the total DCCs.

## Proforma Analysis of Development

A representative proforma analysis was conducted to assess the estimated costs of development and whether DCCs may impact the overall viability of housing projects. Development of single-family homes and high-density condo developments in the following member jurisdictions were reviewed:

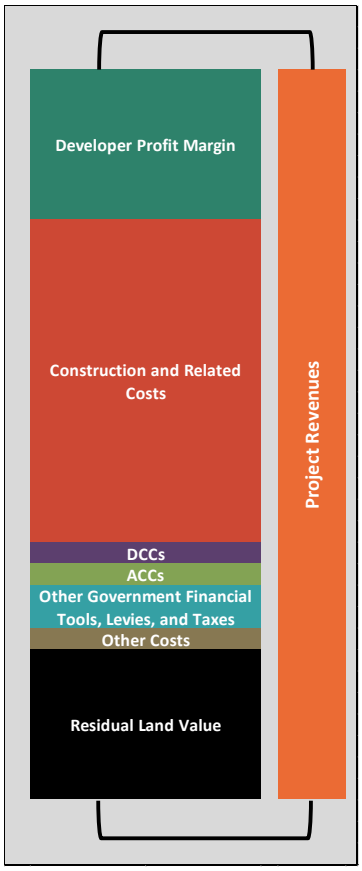
- City of Vancouver (west end);
- City of Vancouver (east end);
- City of Coquitlam;
- Township of Langley;
- City of Surrey;
- City of Burnaby;



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Attachment 3 on-table

- City of Richmond; and
- District of North Vancouver.

Figure ES-1: Pro Forma Schematic




Various cost inputs such as construction costs, planning fees, DCCs, developer profit margins, etc. were reviewed to estimate the residual land value, which is the maximum price a developer could purchase land to make a housing project viable. This residual land value is then compared against the current market value of unserviced residential land in each respective member jurisdiction to determine whether housing projects may be viable.

The analysis suggests that most new single-family/low-density development projects across the regional district are likely to be viable in the current market. Conversely, high-density development may not viable due to higher construction costs and land values.

Construction and related costs range from 48% to 62% of the total costs for low density development and from 66% to 73% of the total costs for high density development, excluding land costs. This is in contrast to the total cost of DCCs as a share of development costs, where total DCCs comprise 1.8% to 5.7% of the total cost of development, excluding land, as presented in Figure ES-2:

Figure ES-2
Total DCCs as a Percentage of Total Costs (Excluding Land Costs)

| Member Jurisdiction | Total DCCs as a Percentage of Total Costs (*Excluding Land Costs)* | |
|---|---|---|
| | Low Density | High Density |
| Burnaby | 4.2% | 4.0% |
| Coquitlam | 4.7% | 4.1% |
| Langley | 4.6% | 5.7% |
| North Vancouver | 3.6% | 3.4% |
| Richmond | 3.9% | 4.0% |
| Surrey | 4.4% | 4.1% |
| Vancouver (East) | 2.0% | 4.3% |
| Vancouver (West) | 1.8% | 4.0% |

Further, Metro Vancouver's DCCs, which are utilized for critical housing-enabling infrastructure, make up a smaller proportion of total development costs based on the table below:

Figure ES-3
Metro Vancouver DCCs as a Percentage of Total Costs (Excluding Land Costs)

| Member Jurisdiction | Metro Vancouver DCCs as a Percentage of Total Costs (*Excluding Land Costs)* | |
|---|---|---|
| | Low Density | High Density |
| Burnaby | 1.2% | 1.4% |
| Coquitlam | 1.2% | 1.4% |
| Langley | 1.2% | 1.5% |
| North Vancouver | 1.1% | 1.3% |
| Richmond | 0.8% | 1.1% |
| Surrey | 1.2% | 1.5% |
| Vancouver (East) | 1.0% | 1.3% |
| Vancouver (West) | 0.9% | 1.2% |

Given the relative share of the overall costs that DCCs comprise, it is unlikely that DCCs would have a major impact on project viability given that removing DCCs entirely from the proformas would still not make most of the high-density projects viable.

Based on the above, it is unlikely that the removal or a reduction of DCCs (total DCCs including Metro Vancouver and the member jurisdictions) would impact the overall viability of a project.

## Concluding Remarks

Based on the review and assessment of the Metro Vancouver housing market, registrations and permit values for low density housing have been declining. Although the data shows consistent values for apartments/high-density development, increases in construction costs (as shown in the BCPI) appear to be outpacing increases in new home prices (as shown in the NHPI), which may erode profitability of new housing development. In addition, as shown in historical data, apartment data lags low density data due to the extended timelines for permitting/development. As such, new housing registrations are anticipated to decline for apartments in the coming years. Taken together, these leading indicators are signaling a slowdown in new housing development.

Given the overall proportion of DCCs relative to total project costs, it is not likely that DCCs are impacting project viability in a significant way. The findings indicate that the impact of DCCs on housing project viability is limited compared to other factors such as construction costs and land values.

Further to the above, the DCCs for the regional district are primarily utilized for housing enabling infrastructure (i.e. water and liquid waste works) and are required for the development of new housing. If the regional district does not have adequate funding in place to construct these works, then the development of new housing may be impacted.

# Report

# Chapter 1
## Purpose of Analysis

# 1. Purpose of Analysis

Metro Vancouver has retained Watson & Associates Economists Ltd. (Watson) to undertake an analysis of development cost charges (DCCs) in the context of the current housing market. The objective of this analysis is to review the metrics related to the current housing market and assess whether DCCs may be impacting development activity across Metro Vancouver. As part of this work, the following has been undertaken:

- Assessment of the current Metro Vancouver Housing Market based on a review of various data sets and leading indicators of development activity (Chapter 2).
- Summary and analysis of current DCCs for member jurisdictions and Metro Vancouver (Chapter 3).
- Proforma model analysis for residential development to estimate the costs of development and assess the relative impacts of DCCs on the overall cost of development (Chapter 4).

This report provides a summary of the analysis and findings, with supporting information provided in the appendices.

# Chapter 2
# Assessment of Metro Vancouver Housing Market (2020-2024)

# 2. Assessment of Metro Vancouver Housing Market (2020-2024)

The purpose of this section is to assess various leading indicators of the housing market and to identify potential trends for the future. When considered together, the data described below indicates a downward trend, especially in the last two years. This may signal a continued decline in the housing market in future years.

## 2.1 New Housing Registrations

In British Columbia, all new homes must be registered with BC Housing before the issuance of a building permit and the start of construction. Therefore, analyzing the trend in new housing registrations can indicate where the housing market is headed and can be considered an earlier indicator of housing/economic activity compared to housing starts or building permit registrations.

Figure 2-1 provides a graph of the new housing registrations in Metro Vancouver between 2020 and 2024, broken out by single-detached and multi-unit homes. New housing registrations reached their peak in 2021 at a total of 32,300 new registrations. Although the total registrations have declined slightly since 2021, there were 29,700 new total registrations in 2024, with the majority of new housing registrations being related to multi-unit developments versus single units.

With respect to single-detached units, there was a slight increase in registrations from 2020 to 2021 (3,900 to 4,400). However, new housing registrations have been on a continuous decline since 2021, dropping to approximately 2,400 registrations in 2024. This would indicate that housing development activity for single units may be on a downward trend. Conversely, new housing registrations for multi-unit developments saw a significant increase of approximately 125% from 2020 to 2021 (12,000 to 28,000). Since then, from 2022 to 2024, new registrations have remained at approximately the same level of 26,000 registrations per year.

Given that Metro Vancouver's new housing registrations comprise the majority of registrations across BC, similar trends are also observed more broadly across the Province as provided in Figure 2-2.

Figure 2-1
Metro Vancouver New Housing Registrations

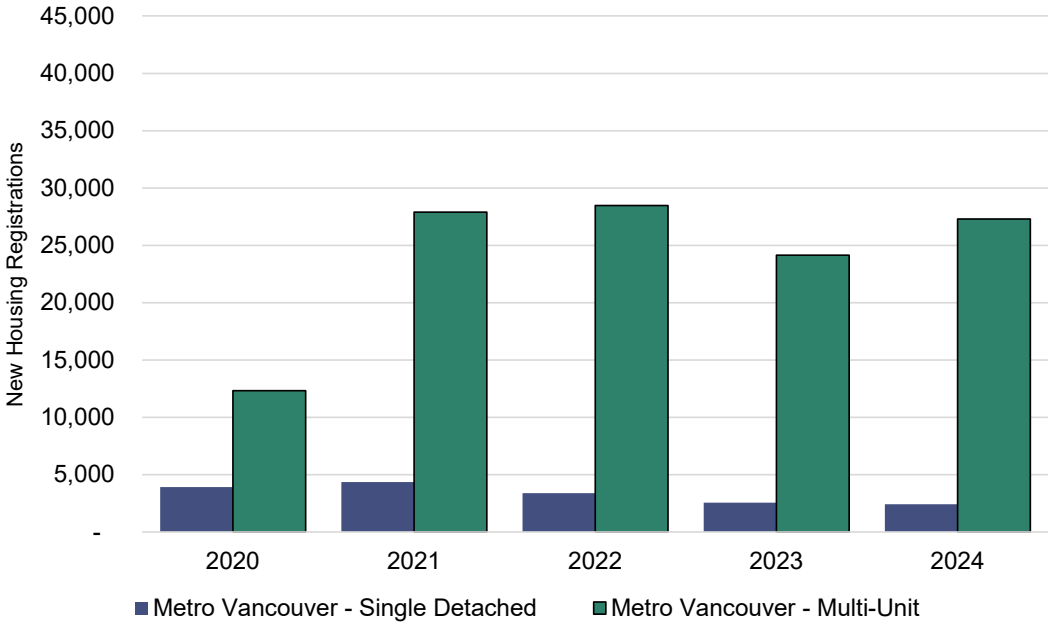
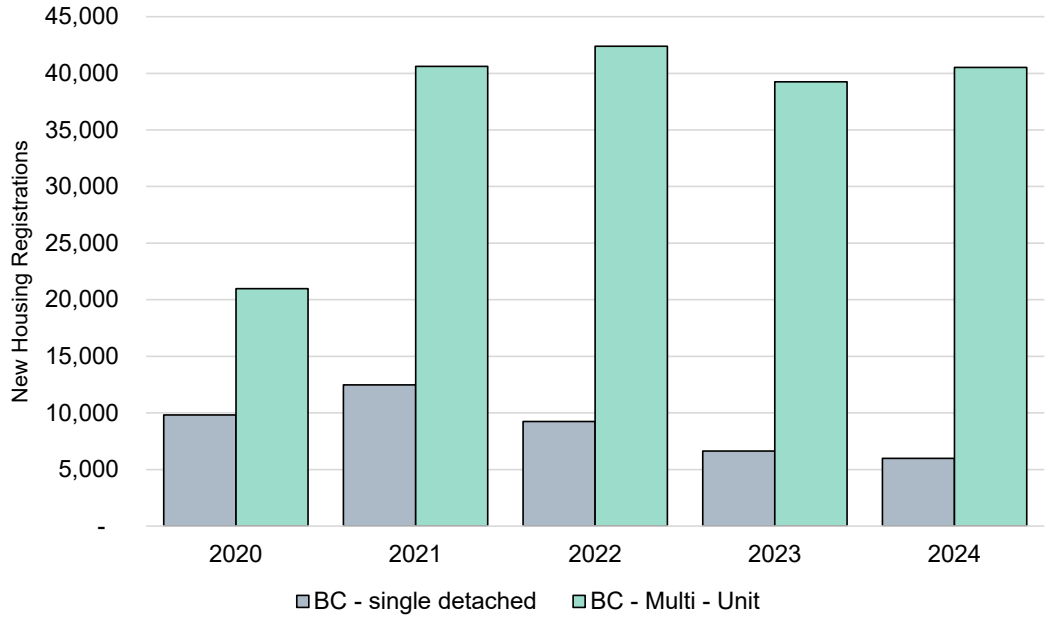



Figure 2-2
British Columbia New Housing Registrations



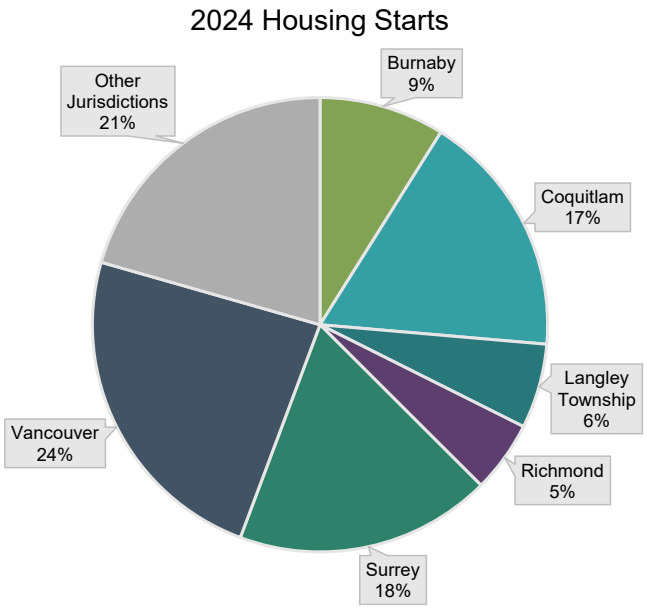
Overall, while new registrations for single-detached housing have been decreasing, new registrations for multi-unit residential housing have remained relatively constant. Note, data for the first half of 2025 signals that registrations are at roughly the same level as 2024, however, it is important to consider that this is reflective of a half year and may not be comparable to the full year data presented above.

## 2.2 Housing Starts

Housing starts are another leading indicator of the trends in the housing market. Starts are defined as the beginning of construction work on a development, which can provide an indication of the housing supply that will become available in the near future.

Over the past 5 years, Metro Vancouver had a total of 135,700 housing starts. Approximately 80% of all housing starts (107,800) took place in Burnaby, Coquitlam, Langley Township, Richmond, Surrey, and Vancouver. Figure 2-3 provides for the housing starts by member jurisdiction for 2024:

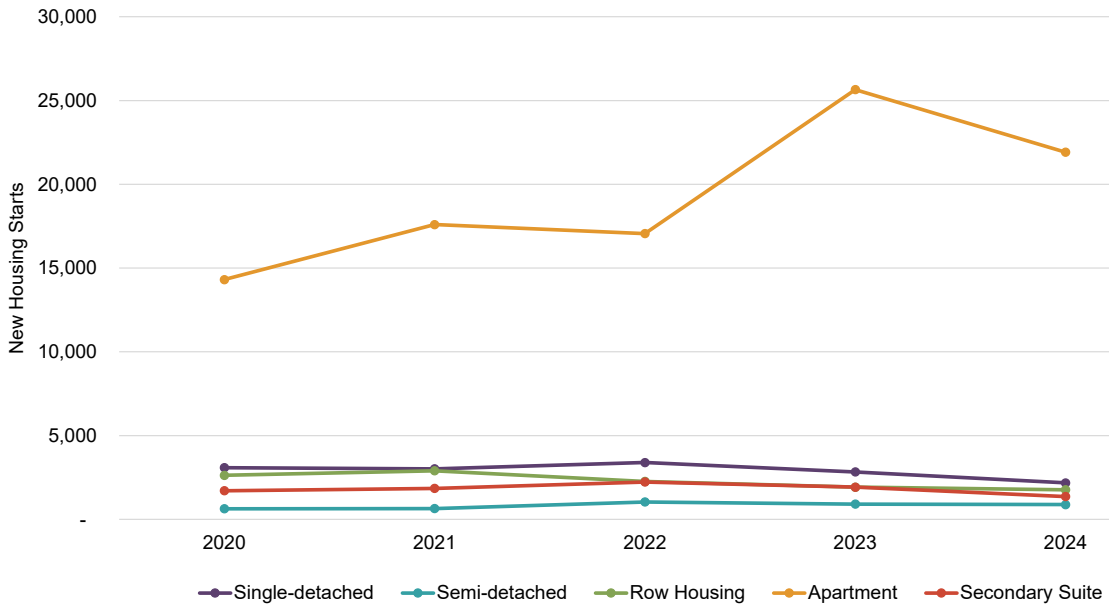
Figure 2-3
2024 Housing Starts by Member Jurisdiction




Based on Figure 2-4 below, over the past five (5) years, apartments have accounted for approximately 70% of all housing starts in Metro Vancouver. The trend in apartment housing is continuing to grow given that of the 28,000 new housing starts in 2024, approximately 22,000 (79%) of those were apartments.

The overall housing starts for single-detached, row housing, and secondary suites saw a decline from 2020 to 2024. Housing starts declined by 29.5% for single-detached, 32.6% for row housing, and 20.4% for secondary suite. Conversely, housing starts increased by 39% for semi-detached units and 53% for apartments over the same time period.

Figure 2-4
New Housing Starts by Housing Type



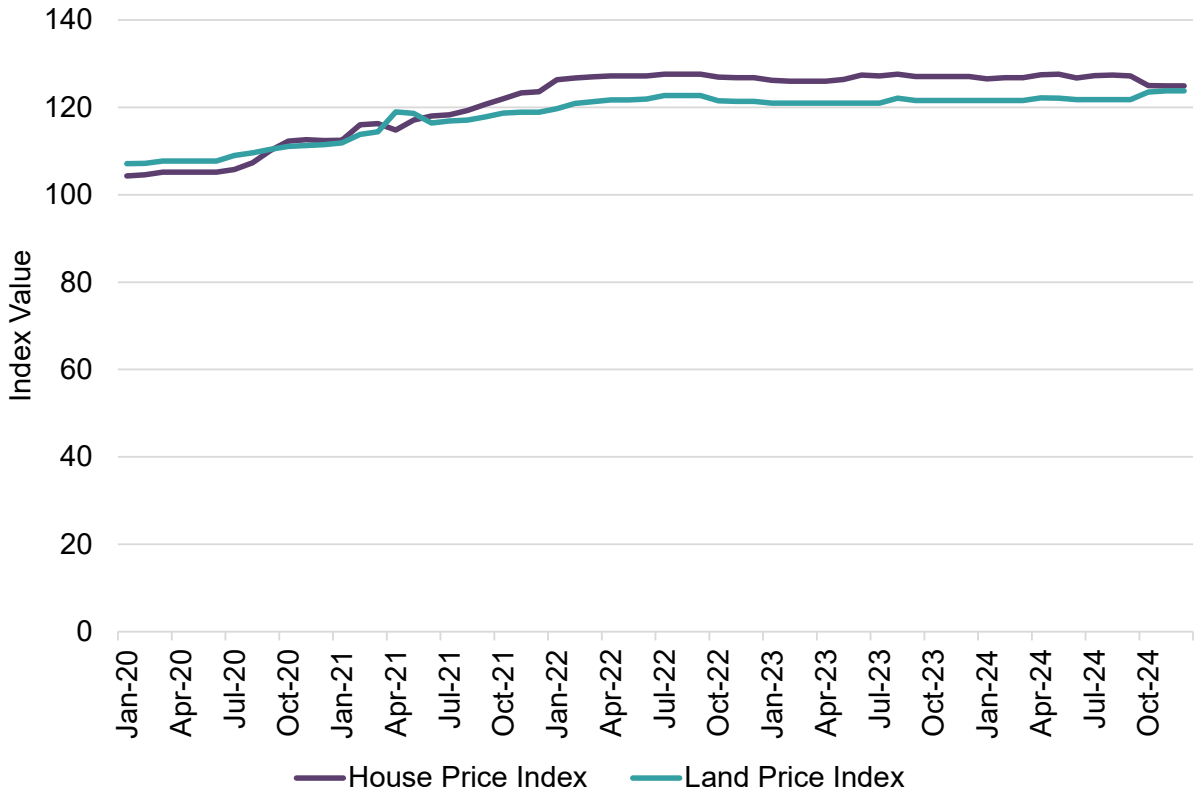

The housing starts for apartments peaked in 2023, at 25,600, and decreased slightly in 2024 to approximately 22,000 but are still trending above 2021 levels, whereas the starts for all other unit types have declined relative to 2021. This may be a result of the additional time required for the development of apartment units relative to other housing types. For apartment building construction, investment in land and housing registrations would occur in years prior to construction. Therefore, if the market for apartments were to decline, the effects may not appear in new housing start data for two to three years.

## 2.3 New Housing Price Index

The New Housing Price Index (NHPI) is a monthly index that measures the change in builders' selling prices of new residential homes over time. The NHPI can be utilized to monitor the overall health of the construction industry, given that high demand for housing can drive up prices, which incentivizes developers to build more, which may lead to increased construction activity.

The NHPI from Statistics Canada differentiates between housing prices and land prices. Based on Figure 2-5, house values have increased at a faster rate than land values from 2020 to 2024. Specifically in Vancouver (Census Metropolitan Area) house values have increased by 20% whereas land values have increased by 16% over the four (4) year time period. Although new housing construction and activity may have begun to decline, pricing is still trending upwards, which may lead to further decline in development activity when affordability of housing is considered. The increase in new house prices needs to be weighed against the increasing cost inputs into housing development (e.g. building materials and construction costs) to determine if the increase in prices are sufficient to cover the additional costs.

Figure 2-5
New Housing/Land Price Index




Based on a review of data for the first half of 2025, the new housing price index increased over the first quarter, however, the index has been declining since April 2025, with an overall decrease of 1.6% from January to July 2026. This may indicate that housing prices may be decreasing, however data for the rest of the year will need to be

monitored to verify this trend. Note: the land price index has not changed since December 2024.

## 2.4 Residential Permit Values

Permit values represent the estimated construction cost of the work being completed and provides an indication of the level of investment into new housing. Monitoring permit values is important for predicting future construction activity and can be used to analyze economic activity in the development sector.

With respect to multiple unit dwellings, the total permit values have increased from $6.3 billion in 2020 to $8.6 billion in 2024 (i.e. an increase of 37%). While the total residential permit value for single dwellings has also increased over the same time period, the increase was 5% from $844 million to $883 million. The permit values peaked in 2022 and have been declining since that year, although the value for multiples has remained above the totals in 2020 and 2021. The following graphs provide a summary of the total building permit values over the 2020 to 2024 time period (note the scale of the graphs vary to provide better visualization of trends in the data):

Figure 2-6
Single Dwelling Permit Values (in $000's)

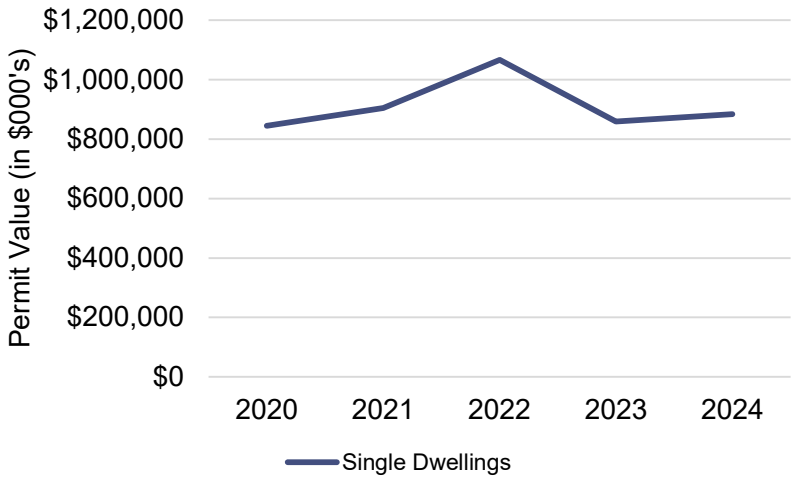
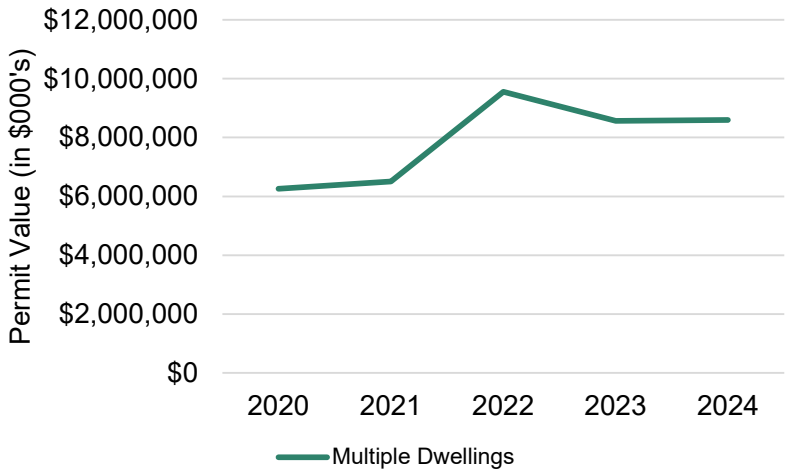


Figure 2-7
Multiple Dwelling Permit Values (in $000's)



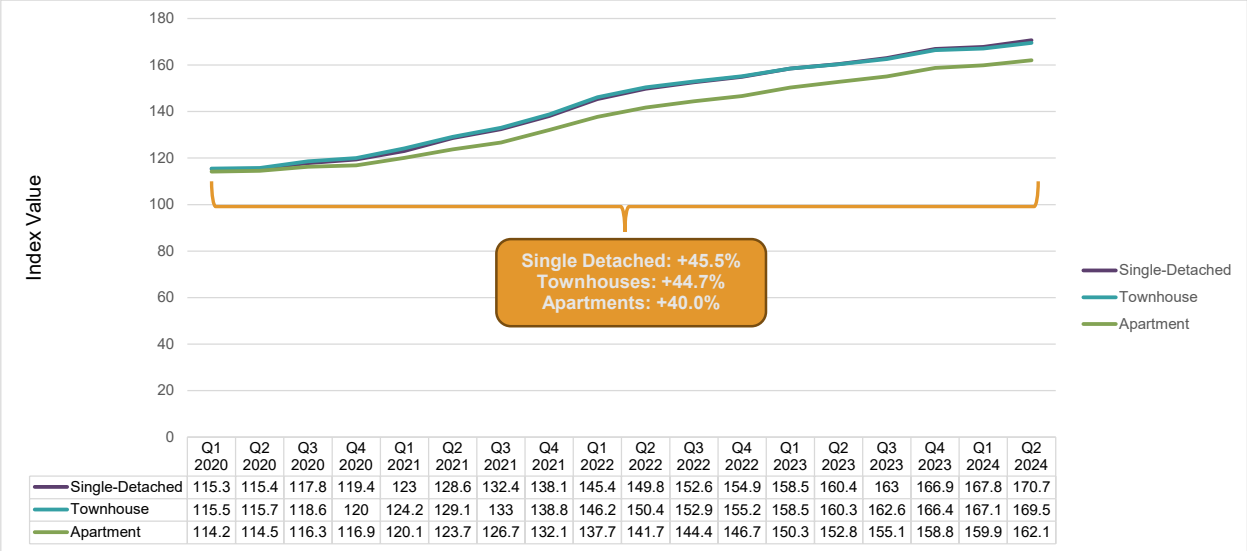

## 2.5 Other Economic Factors

Other economic factors that can impact housing activity are the cost of construction and interest rates. The cost of construction can be analyzed using the Building Construction Price Index (BCPI).

The BCPI is an index that measures the change in builders' cost of constructing new development. Monitoring the BCPI can be beneficial for analyzing the housing market as it generally correlates with the New House Pricing Index (as discussed above); higher cost to the builders is likely to lead to higher house prices.

The BCPI within Vancouver (Census Metropolitan Area) has increased over the 2020 to 2024 period for all residential development types, with single-detached dwellings increasing by 45.5%, townhouses by 44.7% and apartments by 40.0% (see Figure 2-8 below). This is a significant increase when compared to the BCPI for non-residential buildings and the Consumer Price Index (CPI), which increased by approximately 28.2% and 18%, respectively, over the same time period. This would indicate that the costs related to building new housing have increased at a faster rate than general inflation over the past few years. Further, the BCPI has increased at a faster rate than the NHPI indicating that costs have risen at a faster rate than the sales prices of new homes, potentially eroding profitability of development.

Figure 2-8
Residential Building Construction Price Index (2020 to 2024)




| | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Single-Detached | 115.3 | 115.4 | 117.8 | 119.4 | 123 | 128.6 | 132.4 | 138.1 | 145.4 | 149.8 | 152.6 | 154.9 | 158.5 | 160.4 | 163 | 166.9 | 167.8 | 170.7 |
| Townhouse | 115.5 | 115.7 | 118.6 | 120 | 124.2 | 129.1 | 133 | 138.8 | 146.2 | 150.4 | 152.9 | 155.2 | 158.5 | 160.3 | 162.6 | 166.4 | 167.1 | 169.5 |
| Apartment | 114.2 | 114.5 | 116.3 | 116.9 | 120.1 | 123.7 | 126.7 | 132.1 | 137.7 | 141.7 | 144.4 | 146.7 | 150.3 | 152.8 | 155.1 | 158.8 | 159.9 | 162.1 |

Interest rates are another factor that can impact housing activity as it provides an indication of expected inflation and borrowing costs for the development community. The Bank of Canada rate[1] experienced a large increase starting in February 2022 from 0.50% to a peak of 5.25% by July 2023, largely due to the Bank of Canada's efforts to lower inflation. Rates remained at this peak until May 2024 and have since been steadily decreasing to a rate of 3.0% in May 2025. Financing rates for the development community may generally be in the range of 4% to 6%.

## 2.6 Summary of Metro Vancouver Housing Market

Based on the data summarized above, it appears that new housing activity has started to trend downwards, particularly for single-detached units, but has remained relatively strong for new multi-units/apartments up to 2024 (note: data for the first half of 2025 indicates a continuation of current trends, however, for comparative purposes, full year data should be reviewed in 2026). This trend is observed through new housing registrations, housing starts, and building permit values where single dwelling registrations are declining while the activity in multi-unit dwellings has remained steady.

[1] The Bank of Canada rate is the overnight rate or policy interest rate utilized as the primary tool to control inflation. This is the target interest rate for financial institutions in the overnight market for inter-bank lending, which is also considered the starting point in setting interest rates in the Canadian economy.

In reviewing the housing registrations throughout the economic slowdown in 2008/2009, the registrations in single-detached dwellings began decreasing before the multi-unit dwellings. This may be a result of the extended development/permitting time prior to the registration of new units that is required for multi-unit/apartment developments relative to single family homes. Since the registrations for single dwellings have begun to decline in the last two years, and there are observed increases in building construction costs and financing costs, it is possible that a multi-unit residential building registrations may also begin to decline over the coming years.

# Chapter 3
# Summary of Current DCCs

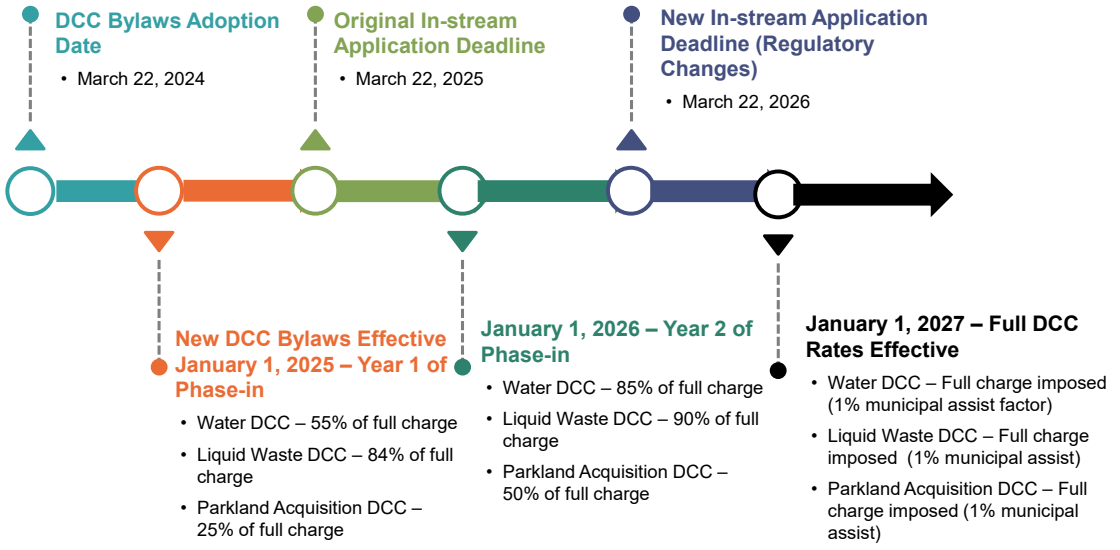
# 3. Summary of Current DCCs

DCCs are the major revenue tool that local governments can utilize to recover costs associated with infrastructure required for new growth. DCCs assist in providing housing-enabling infrastructure while reducing the pressure on existing taxpayers/ratepayers to fund the required costs.

## 3.1 Metro Vancouver DCCs

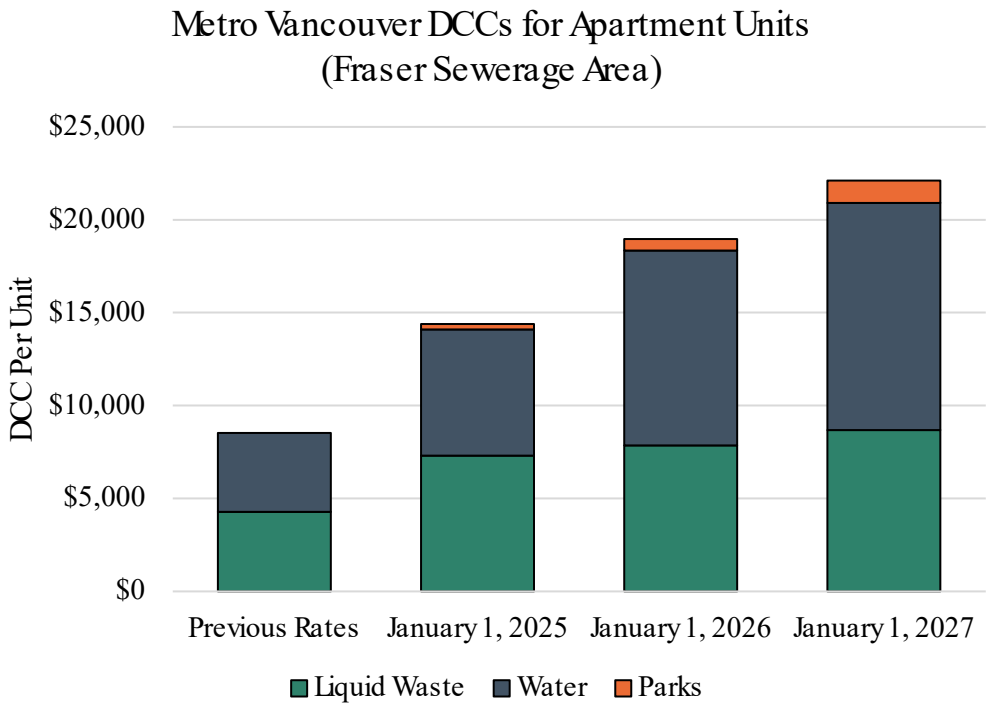
Metro Vancouver currently imposes DCCs on new development related to parks, water, and liquid waste services. The current DCC bylaws for these services were adopted on March 22, 2024, with an effective date of January 1, 2025. The DCC rates are to be phased in over a three-year period from 2025 to 2027, through an adjustment to the municipal assist factor. In-stream applications (e.g. rezoning, development, or building permit applications submitted prior to the adoption of the current bylaw) were previously protected from increases to DCCs for 12 months, but with recent regulatory changes, the protection has been increased to 24 months for Metro Vancouver's DCCs. The schematic below provides a summary of the timelines related to the DCC rate phase-in and in-stream protection period:

Figure 3-1
Timeline of Metro Vancouver DCC Effective Rates



The bar graph below provides the DCC rate increases over the phase-in period for an apartment unit. Note, the DCCs for liquid waste vary based on the sewerage area. The DCCs for the Fraser Sewerage Area are provided in the graph for illustrative purposes.

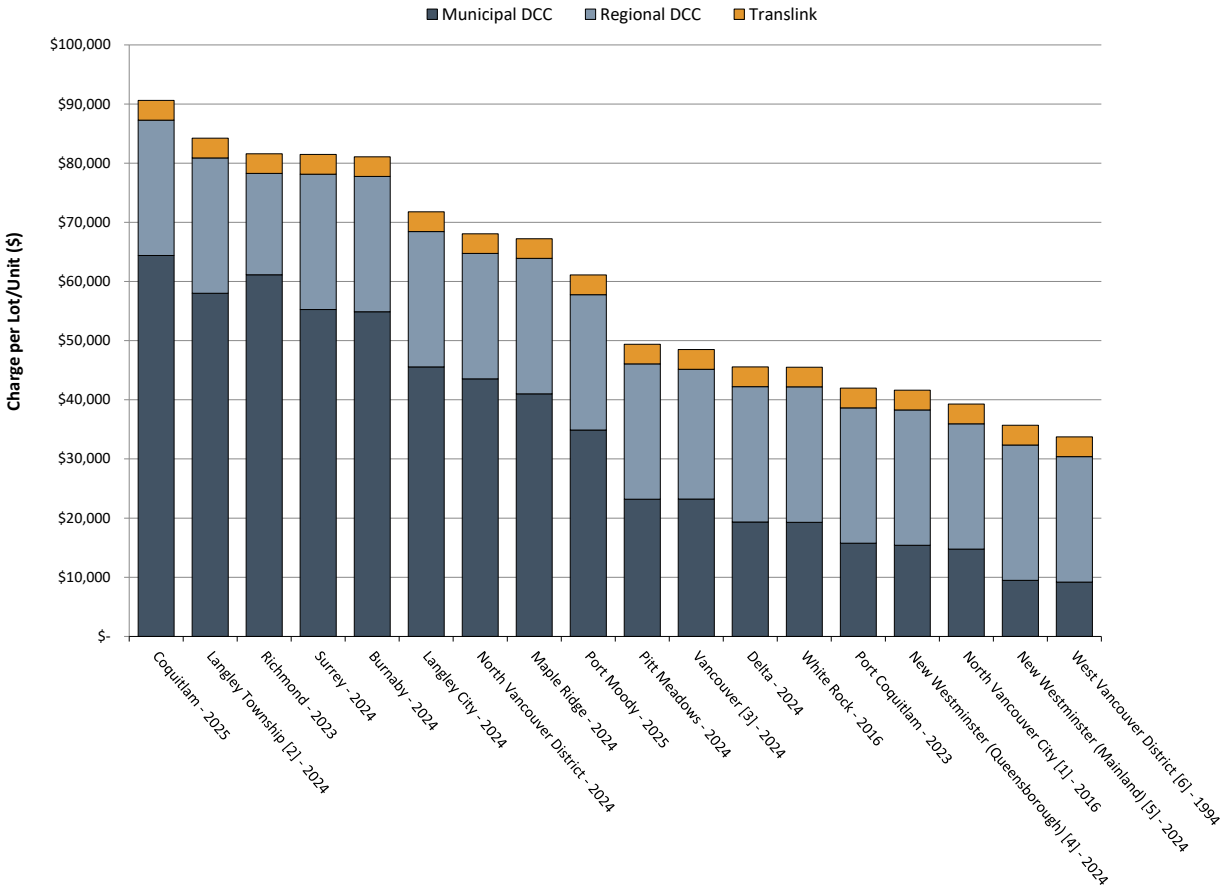
Figure 3-2
Metro Vancouver DCCs for Apartment Units (Fraser Sewerage Area)




## 3.2 Member Jurisdictions' and Translink DCCs

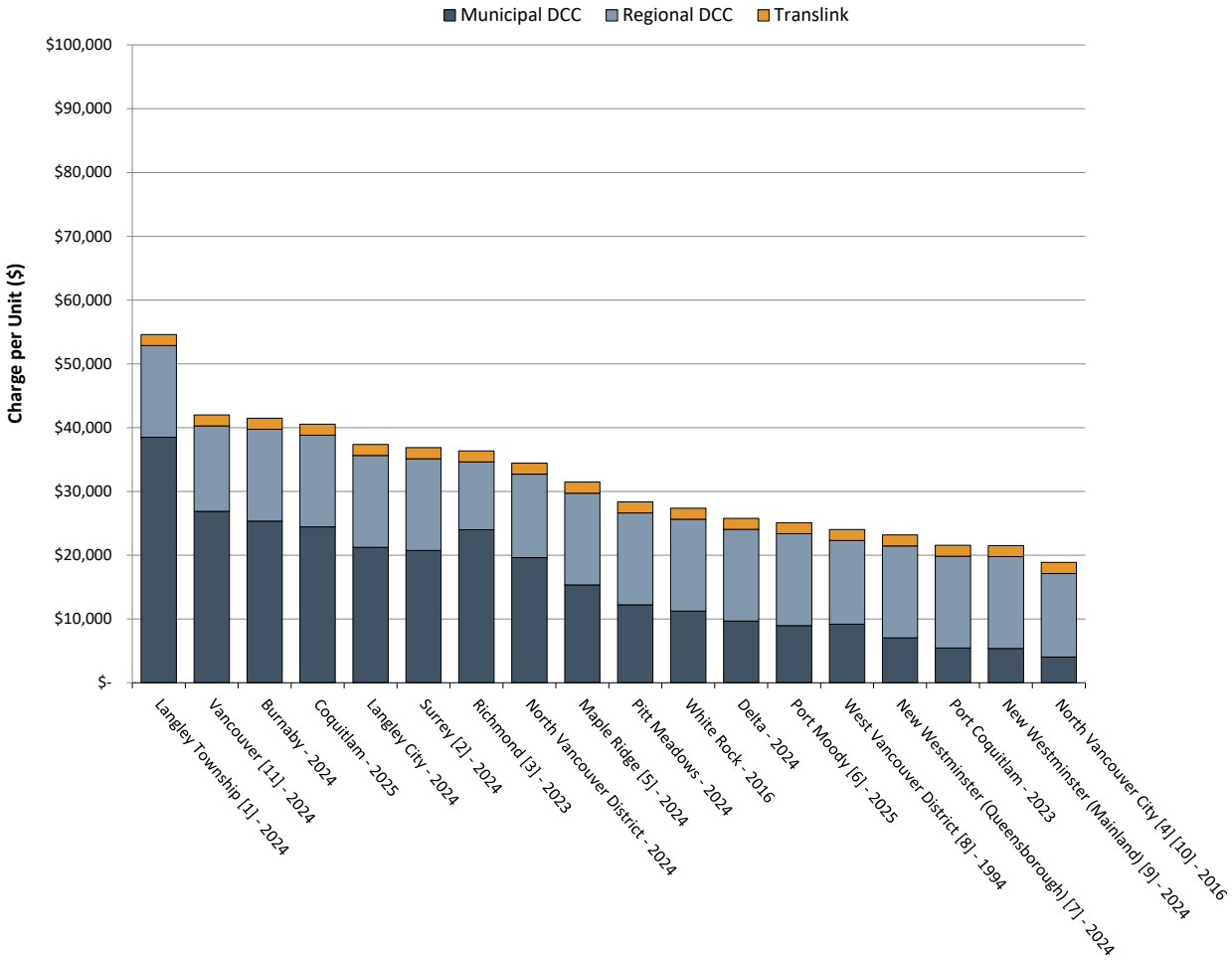
In addition to Metro Vancouver's DCCs, Translink and most member jurisdictions also impose DCCs on new development. The graphs below provide a summary of the current DCCs for single units and apartments across Metro Vancouver, broken out by member jurisdiction, Metro Vancouver, and Translink. Based on the rates in effect as of 2025, Metro Vancouver's DCC rates make up between 21% and 63% of the total DCC payable (average of 42% of total DCCs). Where Metro Vancouver's DCCs comprise a higher proportion of the total DCC, it is noted that certain member jurisdiction bylaws have not been updated for several years and may not be reflective of current costing (e.g. West Vancouver DCC bylaw was last updated in 1994, where Metro Vancouver's DCCs comprise 63% of the total charge payable). In addition to the graphs below, Appendix A provides for the DCCs in table format.

Figure 3-3
DCC Rates for Single Family Dwellings (Per Lot/Unit)




Note: the year of the member jurisdiction's DCC bylaw is provided in brackets. Metro Vancouver rates are based on rates that are effective as of January 1, 2025.
[1] Currently updating DCC rates
[2] Rates for "Residential 2": residential developments having a density greater than 15 up to 44 dwelling units per hectare
[3] DCC is $95.98 per sq.m of unit/area. Based on average single-detached home size of 2,600 sq.ft (242 sq.m)
[4] DCC is $63.65 per sq.m of parcel area. Based on assumed single-detached home size of 2,600 sq.ft (242 sq.m)
[5] DCC is $39.19 per sq.m of parcel area. Based on assumed single-detached home size of 2,600 sq.ft (242 sq.m)
[6] Based on rate for infill development

Figure 3-4
DCC Rates for Apartments (per unit)




Note: the year of the member jurisdiction's DCC bylaw is provided in brackets. Metro Vancouver rates are based on rates that are effective as of January 1, 2025.
[1] Rates for "Residential 4": residential developments having a density greater than 74 dwelling units per hectare
[2] DCC is $29.63 per sq.ft of dwelling unit (zoning RM-10, RM-15, RM-30). Based on assumed apartment size of 700 sq.ft. (65 sq.m)
[3] DCC is $34.31 per sq.ft of dwelling unit. Based on assumed apartment size of 700 sq.ft. (65 sq.m)
[4] The City is currently updating its DCC rates
[5] DCC is $235.96 per sq.m of parcel area. Based on the average apartment size of 700 sq.ft. (65 sq.m)
[6] DCC is $138.10 per sq.m for multi-residential greater than 6 stories. Based on the average apartment size of 700 sq.ft. (65 sq.m)
[7] DCC is $108.60 per sq.m of gross floor area. Based on the average apartment size of 700 sq.ft. (65 sq.m)
[8] Based on rate for infill development
[9] DCC is $82.88 per sq.m of gross floor area. Based on the average apartment size of 700 sq.ft. (65 sq.m)
[10] DCC is $62.17 per sq.m of gross floor area. Based on assumed townhouse size of 700 sq.ft. (65 sq.m)
[11] DCC is $413.50 per sq.m. Based on assumed apartment size of 700 sq.ft (65 sq.m)

## 3.3 DCCs Utilized for Housing Enabling Infrastructure

It is important to note that Metro Vancouver's DCCs are utilized to recover the capital costs predominantly associated with water and liquid waste infrastructure, with a nominal portion related to parks. Water and liquid waste capital works are housing-enabling infrastructure given that these works are required to be constructed in advance of development. It is important that adequate funding is available for these capital projects in order to construct these works to allow development to proceed. Reductions in the DCCs that are collected for this infrastructure may lead to increased pressure on existing ratepayers to fund the works required to allow development to proceed.

# Chapter 4
## Proforma Analysis of Development

# 4. Proforma Analysis of Development

## 4.1 Overview of Analysis

In addition to reviewing the various leading indicators and trends in the housing market, a proforma analysis was undertaken to assess the estimated costs of development and whether DCCs may impact the overall viability of housing development. Development of single-family homes and high-density condo developments in the following member jurisdictions were reviewed:

- City of Vancouver (west end);
- City of Vancouver (east end);
- City of Coquitlam;
- Township of Langley;
- City of Surrey;
- City of Burnaby;
- City of Richmond; and
- District of North Vancouver.

A review of the various input costs was undertaken to estimate the residual land value, which is the maximum price for which a developer could purchase land to make a housing project viable. The inputs utilized to determine estimated cost of development have been broken out into the following categories:

- Construction and Related Costs:
    - Hard costs (e.g. construction costs, site servicing, demolition, etc.);
    - Soft costs (e.g. project management, legal, insurance, architects, consultants, etc.);
- Development cost charges;
- Amenity cost charges (if applicable);
- Other government financial tools, levies, and taxes (e.g. building permit fees, planning application fees, cash-in-lieu of parkland dedication, GST);
- Other costs (e.g. financing costs, administrative fees); and
- Developer profit margin.

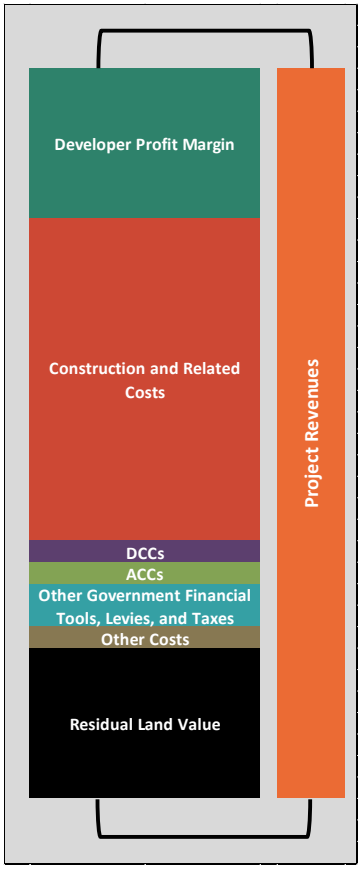
The various inputs that have been considered in the analysis are outlined in Appendix B. Note data was sourced from publicly available information and represents general developments. Specific developments may have site-specific considerations that may vary.

To determine potential revenues from housing projects, a review of new builds and recently constructed developments in each of the member jurisdictions was undertaken to estimate the average sales price per square foot.

These various parameters were estimated for sample development projects for both single family homes and high-density condo developments in each of the member jurisdictions to determine the residual land value. This residual land value is compared against the current market value of land that is unserviced and zoned as residential low density/high density to determine whether housing projects may be viable within the jurisdictions under review.

## 4.2 Summary of Findings

Based on the findings of the analysis, it appears that most new single family/low density development projects across the regional district are likely to be viable in the current market. Given the lower land values and construction costs associated with low density housing relative to high density, these housing projects may still be feasible in the current market, particularly within member jurisdictions where land values are relatively lower than others.




Conversely, based on the analysis undertaken, it appears that high density development is not viable. The current market price of land across the various jurisdictions may exceed the calculated residual land value in almost every circumstance, with the exception of high-density development in the west side of the City of Vancouver.

The graph shown on this page provides a schematic of the various cost inputs required for housing development. Based on the analysis undertaken, the major cost

components that are impacting the viability of development are the construction costs. Based on the proforma analyses, the table below provides the proportion of construction costs relative to the other cost components noted in the bar graph (excluding land):

Figure 4-1
Construction and Related Costs as a Percentage of Total Costs (Excluding Land)

| Member Jurisdiction | Construction and Related Costs as a Percentage of Total Costs (*Excluding Land Costs*) | |
|---|---|---|
| | Low Density | High Density |
| Burnaby | 59.8% | 69.5% |
| Coquitlam | 59.8% | 70.8% |
| Langley | 62.4% | 73.3% |
| North Vancouver | 61.3% | 69.7% |
| Richmond | 56.9% | 72.1% |
| Surrey | 61.6% | 73.4% |
| Vancouver (East) | 50.8% | 69.4% |
| Vancouver (West) | 47.9% | 65.8% |

Based on the above table, construction costs range from 48% to 62% of the total costs for low density development and from 66% to 73% of the total costs for high density development. This is in contrast to the DCCs as a share of the cost of development excluding land, as provided in the following table (note the total DCCs includes the DCCs for the member jurisdiction, Translink, and Metro Vancouver):

Figure 4-2
Total DCCs as a Percentage of Total Costs (Excluding Land Costs)

| Member Jurisdiction | Total DCCs as a Percentage of Total Costs (*Excluding Land Costs)* | |
|---|---|---|
| | Low Density | High Density |
| Burnaby | 4.2% | 4.0% |
| Coquitlam | 4.7% | 4.1% |
| Langley | 4.6% | 5.7% |
| North Vancouver | 3.6% | 3.4% |
| Richmond | 3.9% | 4.0% |
| Surrey | 4.4% | 4.1% |
| Vancouver (East) | 2.0% | 4.3% |
| Vancouver (West) | 1.8% | 4.0% |

Given that DCCs comprise 1.8% to 5.7% of the total cost of development, excluding land costs, it is unlikely that the removal of DCCs would impact the overall viability of either a low or high density project.

Further, Metro Vancouver's DCCs make up an even smaller proportion of total development costs based on the table below:

Figure 4-3
Metro Vancouver DCCs as a Percentage of Total Costs (Excluding Land Costs)

| Member Jurisdiction | Metro Vancouver DCCs as a Percentage of Total Costs (*Excluding Land Costs)* | |
|---|---|---|
| | Low Density | High Density |
| Burnaby | 1.2% | 1.4% |
| Coquitlam | 1.2% | 1.4% |
| Langley | 1.2% | 1.5% |
| North Vancouver | 1.1% | 1.3% |
| Richmond | 0.8% | 1.1% |
| Surrey | 1.2% | 1.5% |
| Vancouver (East) | 1.0% | 1.3% |
| Vancouver (West) | 0.9% | 1.2% |

Given the current market prices of land, it is anticipated that Metro Vancouver's DCCs would have a small impact on the overall costs of development, including land costs.

As part of the proforma analysis, we can observe the impact of DCCs on potential project viability. What can be observed is that even with the absence of DCCs, the residual land values are significantly lower than the market prices of land for high density development, given the impact of construction costs on the proforma. Note that if land was purchased at a lower value, in the past, the feasibility for development may still be positive.

It is important to note that this analysis was undertaken using broad assumptions and assuming the purchase of land would be required. If for example, land has already been secured by a developer at a lower price than current market values, DCCs may or may not impact the overall viability of a project. This analysis is not meant to comment on the viability of any specific housing project with respect to DCCs but rather illustrate the impacts of DCCs on development activity.

Given the relative share of the overall costs that DCCs comprise, it is unlikely that DCCs would have a major impact on project viability given that removing DCCs entirely from the proformas would still not make most of the high-density projects viable.

# Chapter 5
# Concluding Remarks

# 5. Concluding Remarks

Based on the review and assessment of the Metro Vancouver housing market, Registrations and permit values for low density housing are declining. Although registrations and permit values have been steady for apartments/high-density development, increases in the BCPI are not offset by NHPI increases, which may indicate an erosion of profitability of new housing development. In addition, as shown in historical data, apartment data lags low density data due to the extended timelines for permitting/development. As such, new housing registrations are anticipated to decline for apartments. Taken together, these leading indicators are signaling a continued slowdown in new housing development.

The total DCCs for Metro Vancouver, Translink, and the respective member jurisdiction throughout the regional district range from $33,700 to $89,400 per single detached unit and from $18,900 to $54,600 per apartment unit. Metro Vancouver's DCCs comprise between 21% to 63% of the total DCCs, however, the DCCs for the regional district are utilized for housing enabling infrastructure and are required for the development of new housing.

Based on a review of the sample proforma analyses undertaken, the current market value of land and rising construction costs show that although most low-density development projects may still be viable, the majority of high-density projects may not be viable at current construction costs and market values for land. Based on the discussion provided in Section 2, increases in construction costs have outpaced general inflation in the economy. If certain projects involve the acquisition of land in the past at lower values, development projects may remain viable. Given the overall proportion of DCCs relative to total project costs, it is not likely that DCCs are impacting project viability in a significant way.

# Appendices

# Appendix A
## Survey of Member Jurisdictions' DCC Rates

# Appendix A: Survey of Member Jurisdictions' DCC Rates

Figure A-1
Summary of DCC Rates for Single Detached Dwellings

| Member Jurisdiction | Member Jurisdiction | Translink | Metro Vancouver | Total |
|---|---|---|---|---|
| Coquitlam - 2025 | $64,396 | $3,330 | $22,886 | $90,612 |
| Langley Township [2] - 2024 | $58,004 | $3,330 | $22,886 | $84,220 |
| Richmond - 2023 | $61,138 | $3,330 | $17,126 | $81,594 |
| Surrey - 2024 | $55,260 | $3,330 | $22,886 | $81,476 |
| Burnaby - 2024 | $54,870 | $3,330 | $22,886 | $81,086 |
| Langley City - 2024 | $45,563 | $3,330 | $22,886 | $71,779 |
| North Vancouver District - 2024 | $43,533 | $3,330 | $21,203 | $68,066 |
| Maple Ridge - 2024 | $41,011 | $3,330 | $22,886 | $67,227 |
| Port Moody - 2025 | $34,893 | $3,330 | $22,886 | $61,109 |
| Pitt Meadows - 2024 | $23,183 | $3,330 | $22,886 | $49,399 |
| Vancouver [3] - 2024 | $23,227 | $3,330 | $21,941 | $48,498 |
| Delta - 2024 | $19,342 | $3,330 | $22,886 | $45,558 |
| White Rock - 2016 | $19,295 | $3,330 | $22,886 | $45,511 |
| Port Coquitlam - 2023 | $15,762 | $3,330 | $22,886 | $41,978 |
| New Westminster (Queensborough) [4] - 2024 | $15,403 | $3,330 | $22,886 | $41,619 |
| North Vancouver City [1] - 2016 | $14,749 | $3,330 | $21,203 | $39,282 |
| New Westminster (Mainland) [5] - 2024 | $9,484 | $3,330 | $22,886 | $35,700 |
| West Vancouver District [6] - 1994 | $9,197 | $3,330 | $21,203 | $33,730 |

Note: the year of the member jurisdiction's DCC bylaw is provided in brackets. Metro Vancouver rates are based on rates that are effective as of January 1, 2025.
[1] Currently updating DCC rates
[2] Rates for "Residential 2": residential developments having a density greater than 15 up to 44 dwelling units per hectare
[3] DCC is $95.98 per sq.m of unit/area. Based on average single-detached home size of 2,600 sq.ft (242 sq.m)
[4] DCC is $63.65 per sq.m of parcel area. Based on assumed single-detached home size of 2,600 sq.ft (242 sq.m)
[5] DCC is $39.19 per sq.m of parcel area. Based on assumed single-detached home size of 2,600 sq.ft (242 sq.m)
[6] Based on rate for infill development

# Figure A-2
# Summary of DCC Rates for Apartment Dwellings

| Member Jurisdiction | Member Jurisdiction | Translink | Metro Vancouver | Total |
|---|---|---|---|---|
| Langley Township [1] - 2024 | $38,482 | $1,729 | $14,396 | $54,607 |
| Vancouver [11] - 2024 | $26,891 | $1,729 | $13,392 | $42,012 |
| Burnaby - 2024 | $25,360 | $1,729 | $14,396 | $41,485 |
| Coquitlam - 2025 | $24,435 | $1,729 | $14,396 | $40,560 |
| Langley City - 2024 | $21,246 | $1,729 | $14,396 | $37,371 |
| Surrey [2] - 2024 | $20,741 | $1,729 | $14,396 | $36,866 |
| Richmond [3] - 2023 | $24,017 | $1,729 | $10,610 | $36,356 |
| North Vancouver District - 2024 | $19,625 | $1,729 | $13,099 | $34,453 |
| Maple Ridge [5] - 2024 | $15,345 | $1,729 | $14,396 | $31,470 |
| Pitt Meadows - 2024 | $12,241 | $1,729 | $14,396 | $28,366 |
| White Rock - 2016 | $11,253 | $1,729 | $14,396 | $27,378 |
| Delta - 2024 | $9,672 | $1,729 | $14,396 | $25,797 |
| Port Moody [6] - 2025 | $8,981 | $1,729 | $14,396 | $25,106 |
| West Vancouver District [8] - 1994 | $9,197 | $1,729 | $13,099 | $24,025 |
| New Westminster (Queensborough) [7] - 2024 | $7,062 | $1,729 | $14,396 | $23,187 |
| Port Coquitlam - 2023 | $5,453 | $1,729 | $14,396 | $21,578 |
| New Westminster (Mainland) [9] - 2024 | $5,390 | $1,729 | $14,396 | $21,515 |
| North Vancouver City [4] [10] - 2016 | $4,043 | $1,729 | $13,099 | $18,871 |

Note: the year of the member jurisdiction's DCC bylaw is provided in brackets. Metro Vancouver rates are based on rates that are effective as of January 1, 2025.
[1] Rates for "Residential 4": residential developments having a density greater than 74 dwelling units per hectare
[2] DCC is $29.63 per sq.ft of dwelling unit (zoning RM-10, RM-15, RM-30). Based on assumed apartment size of 700 sq.ft. (65 sq.m)
[3] DCC is $34.31 per sq.ft of dwelling unit. Based on assumed apartment size of 700 sq.ft. (65 sq.m)
[4] The City is currently updating its DCC rates
[5] DCC is $235.96 per sq.m of parcel area. Based on the average apartment size of 700 sq.ft. (65 sq.m)
[6] DCC is $138.10 per sq.m for multi-residential greater than 6 stories. Based on the average apartment size of 700 sq.ft. (65 sq.m)
[7] DCC is $108.60 per sq.m of gross floor area. Based on the average apartment size of 700 sq.ft. (65 sq.m)
[8] Based on rate for infill development
[9] DCC is $82.88 per sq.m of gross floor area. Based on the average apartment size of 700 sq.ft. (65 sq.m)
[10] DCC is $62.17 per sq.m of gross floor area. Based on assumed townhouse size of 700 sq.ft. (65 sq.m)
[11] DCC is $413.50 per sq.m. Based on assumed apartment size of 700 sq.ft (65 sq.m)

# Appendix B
## Proforma Analysis of Development Input Assumptions

# Appendix B: Proforma Analysis of Development Inputs

| Parameter | Source/Assumption |
|---|---|
| **Construction and Related Costs** | |
| Above Grade Construction Cost | Per sq.ft. value based on midpoint in 2025 Altus Construction Cost Guide for Vancouver |
| Below Grade Parking Cost | Per sq.ft. value based on midpoint in 2025 Altus Construction Cost Guide for Vancouver |
| Above Grade Parking Cost | Per sq.ft. value based on midpoint in 2025 Altus Construction Cost Guide for Vancouver |
| Demolition and Site Prep | Per sq.ft. value based on previous analyses undertaken |
| Site Servicing | Per unit value assumption based on previous analyses undertaken |
| Landscaping & Hardscaping | Per unit value assumption based on previous analyses undertaken |
| Contingency | 5% assumption |
| Inflation | 2% assumption |
| Architect & Consultants | 5% assumption |
| Development Project Management | 5% assumption |
| Construction Project Management | 5% assumption |
| Insurance | 1% assumption |
| Legal | $1,000 per unit assumption |
| Marketing | 1.5% assumption |
| Residential Sales Commission Fee | 4% assumption |
| Lender's Administrative Fee | 0.80% assumption |
| Construction Loan Interest Rate | 5.25% assumption based on current interest rates and recent analyses undertaken |
| GST Rate | 5% of total revenues |
| **Other Government Financial Tools, Levies, and Taxes** | |
| Subdivision Application Fees | Based on fees and charges bylaws |
| Development Permit Fees | Based on fees and charges bylaws |
| Building Permit Fees | Based on fees and charges bylaws |

| Parameter | Source/Assumption |
|---|---|
| Cash-in-lieu of Parkland Dedication | 5% of market value of land |
| GST Rate | 5% of total hard and soft construction costs |
| Capital Gains Tax | 27% of the increase in the value of land due to development |
| Land Transfer Tax | Based on the fair market value of purchased land to be developed and tax rates as per the Province of BC |
| Cost Inflator – Planning Fees | 3% (assumption) |
| **Development Cost Charges** | |
| DCCs | DCC bylaws of member jurisdiction, Metro Vancouver, and Translink |
| **Amenity Cost Charges** | |
| ACCs | ACC bylaw of member jurisdiction (if applicable) |
| **Developer Profit Margin** | |
| Profit Margin | 15% of total revenues |
| Discount Rate | 7% assumption |
| **Revenues** | |
| Price per sq.ft. | Review of recently constructed developments for sale in each member jurisdiction |
| **Timing Input Assumptions** | |
| Time for Development Application | 8 months |
| Time for Development Approval | 1 year |
| Time for Premarketing | 6 months |
| Time for Building Permit Application | 8 months |
| Time for Building Permit Approval | 1 year |
| Construction Period | 2 years (low density)<br>3.5 years (high density) |
| Occupancy Period | 6 months |