

ITEM 2
MANAGER'S REPORT NO. 29
COUNCIL MEETING 90/04/23

RE: DESIRABILITY AND FEASIBILITY OF COLLECTING DEVELOPMENT COST CHARGES
FOR ESTABLISHMENT OF CHILD CARE FACILITIES AND OTHER SOCIAL AMENITIES

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendations of the Director Planning & Building Inspection be adopted.

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TO: MUNICIPAL MANAGER 1990 APRIL 11
FROM: DIRECTOR PLANNING & BUILDING INSPECTION OUR FILE: 17.920

SUBJECT: DESIRABILITY AND FEASIBILITY OF COLLECTING DEVELOPMENT COST CHARGES FOR ESTABLISHMENT OF CHILD CARE FACILITIES AND OTHER SOCIAL AMENITIES

PURPOSE: The purpose of this report is twofold: a) to examine the desirability and feasibility of seeking Provincial authority to collect development cost charges to be used for establishment of child care facilities and other social amenities, and b) to provide information on how to ensure child care facilities are equipped and operated once they have been secured through the rezoning process.

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RECOMMENDATIONS:

1. THAT Council endorse the proposed resolution for the 1990 UBCM Convention, appearing elsewhere on this agenda, which requests the Minister of Municipal Affairs to amend Section 985 of the Municipal Act to give municipalities authority to collect development cost charges for child care facilities and other social amenities as deemed necessary by the municipality.
2. THAT staff be authorized to develop a policy to govern the establishment and ongoing operation of child care facilities once such facilities have been secured through the rezoning process.

REPORT

SUMMARY

This report addresses two issues: a) the desirability and feasibility of seeking Provincial authority to collect development cost charges to be used for the establishment of child care facilities and other social amenities, and b) options for ensuring that child care facilities are equipped and operated once they have been secured through the rezoning process.

With respect to the first issue, the report concludes that the Municipality could benefit by gaining authority to collect development cost charges for social amenities. To this end, the report recommends that Council endorse the proposed resolution for the 1990 UBCM Convention, appearing elsewhere in this agenda, which requests the Minister of Municipal Affairs to amend Section 985 of the Municipal Act to give municipalities authority to collect development cost charges for child care facilities and other social amenities as deemed necessary by the municipality.

With respect to the second issue, the report concludes that the Municipality should rely on restrictive covenants, registered under Section 215 of the Land Title Act, to ensure that child care facilities are operated once they have been secured through the rezoning process. While acknowledging that uncertainty exists regarding the enforcement of Section 215 covenants, the report asserts that the Municipality could reduce this uncertainty by taking a relatively active role in the development and administration of the child care operations. For example, the Municipality could secure an agreement to lease the facility space from the developer and, in turn, select an operator to run the child care program. To address this issue, a recommendation is made that staff be authorized to develop a policy to govern the establishment and ongoing operation of child care facilities once such facilities have been secured through the rezoning process.

1.0 BACKGROUND

At its meeting of 1989 December 18, Municipal Council asked staff to pursue two matters:

- a) Review the desirability and feasibility of seeking Provincial authority to collect development cost charges to be used for establishment of child care facilities and other social amenities, and
- b) Provide information on means of ensuring that child care facilities are equipped and operated once they have been secured through the rezoning process.

In response to Council's request, this report presents an overview of Burnaby's existing child care situation and prospects, examines the two issues identified by Council above, and proposes actions for the Municipality to pursue in addressing these issues.

2.0 EXISTING SITUATION

2.1 Supply

In 1989 November, 111 licensed child care facilities with 1836 spaces existed in Burnaby. The breakdown of facilities and spaces was as follows:

<u>License Category</u>	<u>Facilities</u>	<u>Licensed Spaces</u>
Group Day Care	24	692
Family Day Care	40	273
Nurseries	33	659
Out of School Care	13	200
Child Minding	<u>1</u>	<u>12</u>
TOTAL	111	1836

2.2 Demand

The need or demand for child care services has been growing dramatically in Burnaby and Canada. At the national level, 20% of mothers in Canada were in the workforce in the 1960's. By 1988, 57% of mothers with children under 6 were working, as were 70% of those with children aged 6 to 15 years. This growing demand for child care can be attributed to such factors as economic necessity, rising numbers of single parent families, and increasing educational levels and career aspirations of women.

A study conducted in 1988 by the National Council of Welfare determined that in Canada, 1.9 million children under age 13 had parents working or studying outside the home and thus needed some form of child care. Despite this need, only 243,545 licensed spaces were available, representing 13% of the total number of children. The B.C. figure was below the national average, with licensed spaces in the Province being available for only 10% of those requiring care.

Turning to the local situation, 65% of females in Burnaby aged 15 to 64 were employed in 1986. Further, 23% of families with children were headed by single parents in 1986. This represents a substantial increase from 1971, when the single parent figure was 14%.

2.3 Concerns

Several concerns exist with Burnaby's child care situation and prospects:

- Waiting lists are present at most licensed child care facilities in the municipality; many local families thus have to rely on unlicensed arrangements, some of which are of questionable quality. (Additional information on local demand for child care services is provided through a survey of child care need which was recently conducted in the Burnaby-Kingsway riding. Through the survey, 40 child care operators in the riding were asked to record the number of inquiries they received for child care service over a 2 1/2 month period last year. The 19 operators who responded indicated that they received inquiries to accommodate 390 children. While acknowledging that some families would have contacted more than one centre, this figure represents approximately 20 inquiries per facility).
- Twenty-five child care facilities containing 502 spaces are located in schools or on school grounds. This constitutes 22% of the total facilities in Burnaby and 27% of the spaces. Should the School District require the space in the future, a number of the child care facilities could be required to relocate. If suitable alternative space could not be found, some of these facilities could face closure.
- Capital funding for child care facilities is difficult to obtain. This hinders the development of new purpose built facilities, and serves to perpetuate the pattern of establishing child care in church basements, schools, and other "found" space.

Given the above, it is apparent that creative new approaches are required to facilitate development and ongoing operation of additional child care spaces in Burnaby. The following section of this report examines one of these possible "creative" approaches: use of development cost charges for establishment of social amenities such as child care facilities. Section 4.0 reviews mechanisms for ensuring that facilities are actually operated once they have been secured through the rezoning process.

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3.0 DEVELOPMENT COST CHARGES

Development cost charges are charges municipalities are authorized to assess on new developments to offset municipal servicing costs. Section 985 of the Municipal Act identifies the uses to which development cost charges can be applied, as follows:

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985(3) Money in development cost charge reserve funds, together with interest on it, shall be used only to

- (a) pay the capital costs of providing, constructing, altering or expanding sewage, water, drainage and highway facilities, other than off-street parking facilities and park land acquisition that relate, directly or indirectly, to the development in respect of which the charge was collected, or
- (b) pay principal and interest on a debt incurred by a local government as a result of an expenditure referred to in paragraph (a)...(see Appendix 1, attached).

Under the provisions of this legislation, municipalities can only collect and use development cost charges for "hard" services. They cannot do so for "soft" services or amenities, such as child care facilities, public meeting rooms, or recreation space.

The question to be addressed is whether it would, indeed, be desirable for municipalities to have authority to assess development cost charges for "soft" services or amenities. The chief advantages of having this authority would be that:

- a) It would provide a source of funds for municipalities to use in securing needed social amenities. This funding source would be particularly useful, at present, for development of child care facilities.
- b) It would be equitable (i.e. rather than expecting selected developers to provide social amenities for the broader community, all developers would be required to contribute their "fair" share towards the community's amenities).

Despite these advantages, a number of questions remain:

- a) By gaining authority to levy development cost charges for "soft" services, would the municipality be assuming responsibility for social programs that senior governments should be funding? Stated another way, might senior governments rationalize reductions in their funding for social programs by granting municipalities the authority to implement "soft" development cost charges?
- b) How would the fund be administered and what would be the impact on the workload of Municipal staff?
- c) How would priority needs be determined? Would an opportunity be provided for citizen input? If so, how could residents of a newly developing area be polled?
- d) In what geographic areas would the charges be applied? For example, would it be applied in Metrotown, in all Burnaby's town centres, or on a municipal-wide basis?
- e) How would decisions be made about where the amenities are developed? Would it be practical or advisable for the amenities to be established exclusively on Municipal property? If not, would some developers cry "foul" if their development cost charge contributions were used to establish social amenities in another developer's complex?

f) On what type of developments would the development cost charges be assessed? Should the charges be assessed on non-residential developments only? If they were also applied to residential developments, would the burden of the charges be borne by the developers in the form of reduced profits, or would it simply be passed on to the developments' residents in the form of higher housing costs? Could a case be made for "forgiving" the charges on modest accommodation, however defined, and only applying it to luxury condominiums?

g) What would the consequences be if some municipalities imposed development cost charges for social amenities and others did not? (e.g. If Burnaby was the only municipality in the region imposing these development cost charges, would developers bypass Burnaby and construct their buildings in neighbouring municipalities instead?).

It should be noted that the Planning Institute of B.C. (P.I.B.C.) is currently preparing a position paper which examines optional instruments for securing revenues from developers for needed community amenities. Development cost charges and development levies for "soft" services will be covered in the paper. The U.S. experience with "linkage" policies will also be explored. For the information of Council, linkage policies involve charges which are assessed on non-residential and residential developments in designated areas of selected U.S. cities. In applying the linkage policies, an effort is made to link the new development with various social impacts, such as affordable housing or child care requirements. Based on the calculation of impact, the developer is required to provide the needed facilities or contribute a prescribed amount to a fund as payment-in-lieu.

The P.I.B.C. paper is expected to be completed within the next 1 - 2 months. It should generate additional interest in and support for any initiatives Burnaby may undertake to obtain authority for assessing "soft" development costs charges.

4.0 MEANS FOR ENSURING CHILD CARE FACILITIES ARE EQUIPPED AND OPERATED

A number of developers have agreed to provide child care space in commercial and residential developments in Burnaby (e.g. the three Metrotown mall developments). The municipality has relied on provisions of the Comprehensive Development (CD) zoning for the subject developments to ensure that the child care space has, indeed, been provided and that it has not been converted to other uses.

The fact that child care space is provided, however, does not guarantee that the space will be used for its intended purpose. For example, the CD zoning for a multi-family development in north east Burnaby (adopted in 1976) called for child care space to be provided. As Council recently learned, a portion of the designated child care space was left vacant while the remainder was used, without authorization or staff's knowledge, as an administrative office.

The City of Vancouver has had experience in negotiating space for child care facilities in major developments (e.g. Oakridge, City Square, Concord Pacific). It has approached each negotiation on a case-specific basis. For example, it was able to obtain a child care centre in the Airport Square development by granting the developer a density bonus (i.e. increased development density for provision of the centre). The City secured an agreement to lease the space from the developer for \$1.00 per year for 99 years. In turn, the City assumed responsibility for finding an operator and fulfilling other "landlord" duties for the operation. At Oakridge, the space was obtained through a negotiated package, whereby the developer donated land to a non-profit society for seniors housing and provided a capital grant for construction of a child care centre in the housing complex.

The City has relied upon restrictive covenants, registered under Section 215 of the Land Titles Act, to ensure that the facilities are, indeed, operated once established. Speaking from experience, Vancouver staff strongly recommend that any agreement specify all provisions the municipality would like to see from the developer (e.g. construction of the space, provision of the equipment, writing down of rents, assistance with property taxes, authority to select facility operators). The requirements for child care operations vary on a case by case basis, and the developers' ability to address the requirements also vary. Therefore, Vancouver staff suggest that any agreements with developers recognize and reflect these diverse needs and circumstances.

Burnaby's Municipal Solicitor indicates that uncertainty exists with respect to enforcement of Section 215 covenants. Nonetheless, staff believe that some of this uncertainty could be reduced if the Municipality took a relatively active role in the development and administration of the child care operation. For example, if the Municipality secured an agreement to lease the child care space back from the developer and select a facility operator, it should be able to ensure that quality child care services are established and maintained.

5.0 DISCUSSION AND CONCLUSION

This report has provided an overview of Burnaby's existing child care situation and prospects. Further, it has examined two additional matters: a) the desirability and feasibility of seeking Provincial authority to collect development cost charges to be used for establishment of child care facilities and other social amenities, and b) optional means of ensuring that child care facilities are equipped and operated once they have been secured through the rezoning process.

With respect to development cost charges, the report concludes that the Municipality could benefit by gaining the authority to collect development cost charges for social amenities. Specifically, the Municipality could use the development cost charges to fund the establishment of child care facilities and other needed social amenities. Another attractive feature is that the development cost charges would be equitable: they would be assessed on a consistent basis on all developments of a certain type or scale in a given area.

With respect to optional mechanisms for ensuring that child care facilities are operated once they have been secured through the rezoning process, the report concludes that the Municipality could rely on Section 215 covenants. While acknowledging that uncertainty exists with respect to the enforcement of Section 215 covenants, the report asserts that the Municipality could reduce this uncertainty by taking a relatively active role in the development and administration of the child care operations.

Based on these conclusions, staff recommend that Council endorse the proposed resolution for the 1990 UBCM Convention, appearing elsewhere in this agenda, which requests the Minister of Municipal Affairs to amend Section 985 of the Municipal Act to give municipalities authority to collect development cost charges for child care facilities and other social amenities as deemed necessary by the municipality.

It is also recommended that staff be authorized to develop a policy to govern the establishment and ongoing operation of child care facilities once such facilities have been secured through the rezoning process. This policy should cover such items as expectations of developers (e.g. providing equipment for the facilities, leasing the facility space to the Municipality), Municipal responsibilities (e.g. selection of facility operators, monitoring of the operation), and administrative procedures (i.e. which departments assume which roles and what is the timing of the various actions?). The Community Issues & Social Planning Committee is considering the establishment of a broad based Burnaby Child Care Resources Board. This Resources Board, if established, could provide a valuable contribution to development of the proposed policy.


This report has revealed that several questions exist regarding the implementation of "soft" development cost charges and the enforcement of Section 215 covenants. Nonetheless, staff believe that these questions will be resolved as further research is conducted and experience is gained in the implementation process.

If the proposed Municipal Act amendments are made, and the recommended child care facilities procedural policy is developed, the Municipality should have valuable additional tools for securing child care facilities and social amenities for the community.

JF/jp

Attach.

cc: Director Administrative & Community Services
Municipal Solicitor
Medical Health Officer


A.L. Parr
DIRECTOR PLANNING &
BUILDING & INSPECTION

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(d) different sizes or different numbers of lots or units in a development, but the charges in the schedule shall be similar for all developments that impose similar capital cost burdens on the local government.

(2) In fixing development cost charges in a bylaw under section 983 (2), the local government shall take into consideration future land use patterns and development, the phasing of works and services and the provision of park land described in an official community plan and whether the charges

(a) are excessive in relation to the capital cost of prevailing standards of service.

(b) will deter development, or

(c) will discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land

in the municipality or regional district.

(3) The local government shall make available to the public, on request, the considerations, information and calculations used to determine the schedule referred to in subsection (1), but any information respecting the contemplated acquisition costs of specific properties need not be provided.

1985-79-8

Use of development cost charges

985. (1) A development cost charge paid to a local government shall be deposited by the local government in a separate special development cost charge reserve fund established for each purpose for which the local government imposes the development cost charge.

(2) Sections 382 and 387 apply to a fund established under subsection (1) of this section, but no approval by the minister under section 378 is required.

(3) Money in development cost charge reserve funds, together with interest on it, shall be used only to

(a) pay the capital costs of providing, constructing, altering or expanding sewage, water, drainage and highway facilities, other than off-street parking facilities and park land acquisition that relate, directly or indirectly, to the development in respect of which the charge was collected, or

(b) pay principal and interest on a debt incurred by a local government as a result of an expenditure referred to in paragraph (a),

and for the purposes of this subsection "capital costs" includes planning, engineering and legal costs directly related to the work for which a capital cost may be incurred under this section.

(4) Authority to make payments under subsection (3) shall be authorized by bylaw.

1985-79-8; 1987-14-41.

Acquisition and development of park land

986. (1) Where a development cost charge bylaw provides for a charge to acquire park land, the charge may be paid for in whole or in part by providing land having a market value, as at the day the charge is payable, equivalent to the amount of the charge, so long as the location and character of the land is acceptable to the local government.

(2) Where, for the purposes of subsection (1), the owner and the local government do not agree on the market value, it shall be determined in the manner that is prescribed in the regulations made under section 992 (7).

Nov 2, 1987