

CITY OF BURNABY

COMMUNITY PLANNING AND HOUSING COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

RE: GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT
DEVELOPMENT COST CHARGES AND NON-PROFIT HOUSING

RECOMMENDATIONS:

1. **THAT** Council request the GVS&DD amend their regional development cost charge bylaw to include a reduced rate or exempt category for housing development under a bona fide non-profit affordable housing program, and that the GVS&DD should consider the impact of any further new DCC's on non-profit housing.
2. **THAT** Council request staff to explore with developers of non-profit housing who received funding prior to the implementation of the new regional DCC's methods of payment of the regional DCC's that will enable them to complete their projects.

REPORT

The Community Planning & Housing Committee, at its meeting held on 1997 April 22, adopted the attached report outlining the impact of the GVS&DD's Development Cost Charges on non-profit housing and supporting a reduced rate or exempt category for housing development under a bona fide non-profit affordable housing program.

Respectfully submitted,

Councillor L.A. Rankin
Chairman

Councillor C. Redman
Member

: COPY - CITY MANAGER
- DIRECTOR FINANCE
- DIR. PLNG. & BLDG.
- CITY SOLICITOR

Councillor J. Young
Member

TO: COMMUNITY PLANNING
AND HOUSING COMMITTEE

1997 APRIL 18

FROM: DIRECTOR PLANNING AND BUILDING

SUBJECT: GREATER VANCOUVER SEWERAGE & DRAINAGE DISTRICT
DEVELOPMENT COST CHARGES AND NON-PROFIT HOUSING

PURPOSE: To respond to the concerns raised by a delegation from Fair Haven Homes regarding the impact of the GVS&DD's Development Cost Charges on Non-Profit Housing.

RECOMMENDATIONS:

1. **THAT** the Community Planning & Housing Committee recommend that Council request the GVS&DD amend their regional development cost charge bylaw to include a reduced rate or exempt category for housing development under a bona fide non-profit affordable housing program, and that the GVS&DD should consider the impact of any further new DCC's on non-profit housing.
2. **THAT** the Community Planning & Housing Committee request staff to explore with developers of non-profit housing who received funding prior to the implementation of the new regional DCC's methods of payment of the regional DCC's that will enable them to complete their projects.

REPORT

1.0 BACKGROUND

At its meeting of February 25, 1997, the Community Planning and Housing Committee heard a delegation from representatives of the Fair Haven United Church Homes Society regarding the impact of the GVS&DD's Development Cost Charges on their seniors non-profit rental housing project. They noted that regional DCC's were not factored into the costs of their project when it was approved for funding under the B.C. Government's Non-profit Rental Housing Program in 1996. Further, they felt that they had made a significant contribution to the project by donating the land. They requested that the Committee consider exempting the project from the payment of GVS&DD Development Cost Charges.

The Community Planning and Housing Committee adopted the following resolution:

THAT staff review the question of whether or not a discretionary exemption for the definable category of non-market housing could be developed within the context of the regional development cost charge.

The Committee also noted the fact that some societies make an extraordinary contribution to a project, for example donation of land, and this might be a criterion in determining if an exemption would be recommended.

This report provides information on the GVS&DD Development Cost Charges and suggests an approach for dealing with non-profit housing.

2.0 THE REGIONAL DEVELOPMENT COST CHARGES

The GVS&DD has implemented a Development Cost Charge (DCC) to pay for sanitary sewer works needed to service growth in the Lower Mainland. The charge came into effect in January 1997. The DCC is designed to assist in funding sewerage and drainage projects such as new trunk lines, expansion of pumping stations and a portion of the costs of upgrades to the Annacis Island and Lulu Island Wastewater Treatment Plants. There is no provision for the GVS&DD to grant an exemption for non-profit housing developments.

2.1 Calculation and Collection of the DCC

The DCC is calculated on a per unit basis based on different types of development. The DCC is collected by the City at or prior to the building permit stage and is remitted by the City to GVS&DD. The DCC for townhouse developments is \$1,515 per unit for the "Fraser" area (see attached map) which encompasses most of Burnaby, and \$826 for the smaller "Vancouver" area. In the case of the Fair Haven project, the DCC would be \$1,082 per unit, which is based on the rate for apartment residences in the "Fraser" sanitary sewer catchment area. The DCC's for apartments in the Vancouver area is \$590 per unit.

2.2 Exemptions from the DCC

Development that is exempt from Municipal DCC's is also exempt from the GVS&DD DCC. This is limited to places of worship.

In addition, municipalities can, through a special agreement with GVS&DD, choose to charge developments less than the posted rates, as long as the GVS&DD is compensated from other municipal revenue sources. To date, only the City of Richmond has decided to opt out of the GVS&DD charge, with the funds being raised from general revenue.

2.3 Impact of Regional DCC's on Non-Profit Housing

The addition of new DCC's reflects an increase in the cost of developing housing. In case of government subsidized non-profit housing, the extra cost must be added to the project budget. Unless there is a corresponding increase in the project funding from the Provincial Government, then the DCC must come from other project costs.

The imposition of the DCC's will have the greatest impact on non-profit housing developments that received previous funding approval and were in the development approval process before the regional DCC was announced. In essence, the regional DCC represents an unknown increase in project costs for these developments that must be made up by reducing other costs. City staff were informing developers of the forthcoming regional DCC's as early as July 1996, and with an information sheet made available in September 1996. In Burnaby, those projects that had received funding prior to the imposition of DCC's are:

- ▶ The Fair Haven Seniors' Homes (30 units)
- ▶ The Avalon Co-operative (George Derby lands-30 units)
- ▶ 17th Avenue/Britton Family Development (20 units)
- ▶ Site 1 at the Oaklands (20 unit family development)
- ▶ New Vista Family Development (20 units)
- ▶ Chaffey Street Development (6 units)
- ▶ Albert Street Development (20 units)

In addition, some non-profit housing sponsors and developers have expressed a concern that the use of regional DCC's may be expanded, without the impact on non-profit housing being adequately considered.

3.0 MUNICIPAL ACT CONSIDERATIONS

The Municipal Act provides for authority for collecting Development Cost Charges. Section 984 (1) of the Municipal Act states:

"A bylaw that imposes a development cost charge shall specify the amount of the charge in a schedule or schedules of development cost charges and the charges may vary with respect to

- (a) different zones or different defined areas or specified areas,*
- (b) different uses,*
- (c) different capital costs as they relate to different classes of development,*
and
- (d) different sizes or different number of lots or units in a development,*

but the charges in the schedule shall be similar for all development that impose similar cost burdens on the local government."

Typically, non-profit housing units (either townhouse or apartments) are smaller than market units of the same type. On this basis, there is some justification for having an exemption or a reduced fee for non-profit housing. In addition to this, "seniors housing" is a defined use in the Zoning Bylaw, and as such, would be eligible for a variance with respect to the DCC fee. Further, since unit size and household size in seniors' non-profit developments tend to be smaller (usually 1 person and occasionally two person) it can be argued that such projects impose lower capital costs on the City and GVS&DD.

Considering Section 984 (1) it would be more difficult to make a case that because of extraordinary contribution by a sponsor to a project (ie. offering the land for free,) that an exemption to DCC's should be offered. The criterion for giving an exemption is related to the servicing cost burden to the City presented by the project, not a reduction in the development costs. However, staff has been advised by officials at BCHMC that in cases where an extraordinary contribution (ie. offering the land for free) the impact of the regional DCC's on the project budget will be considered in evaluating the final project costs.

4.0 IMPACT ON CITY FINANCES

In cases where municipalities decide not collect the DCC at the time of redevelopment, the fee must still be remitted to GVS&DD from other sources, usually general revenue.

The Deputy Treasurer notes that if the City should choose not to collect the regional DCC as set out in the GVS&DD bylaw, it would still be required to remit the charge to the GVS&DD. To collect this charge, the City could explore using an agreement with the developer to allow for an annual sewer charge on the property tax bill equivalent to the regional DCC charge plus interest. Spreading the regional DCC charge plus interest over ten years would reduce the up front costs but would also have the impact of increasing the ongoing cost of living in the accommodation over the ten year period. This method of payment could be considered for non-profit housing developments that received funding approval prior to the introduction of the new regional DCC's.

5.0 CONCLUSION

The regional DCC's will have the greatest impact on those non-profit projects that were granted funding approval prior to general knowledge (July 1996) about the imposition of the new charge. Presumably, projects approved after this date will include DCC's in the project funding before submittal for approval to B.C. Housing Management Commission.

It is recommended that the Community Planning & Housing Committee recommend that Council request the GVS&DD to amend their regional development cost charge bylaw to include a reduced rate or exempt category for housing development under a bona fide non-profit affordable housing program. In addition, the GVS&DD should consider the impact of any further new DCC's on non-profit housing.

Second, it is recommended that the Community Planning & Housing Committee authorize staff to explore with developers of non-profit housing who received funding prior to the implementation of the new regional DCC's methods of payment of the regional DCC's that will enable them to complete their projects.

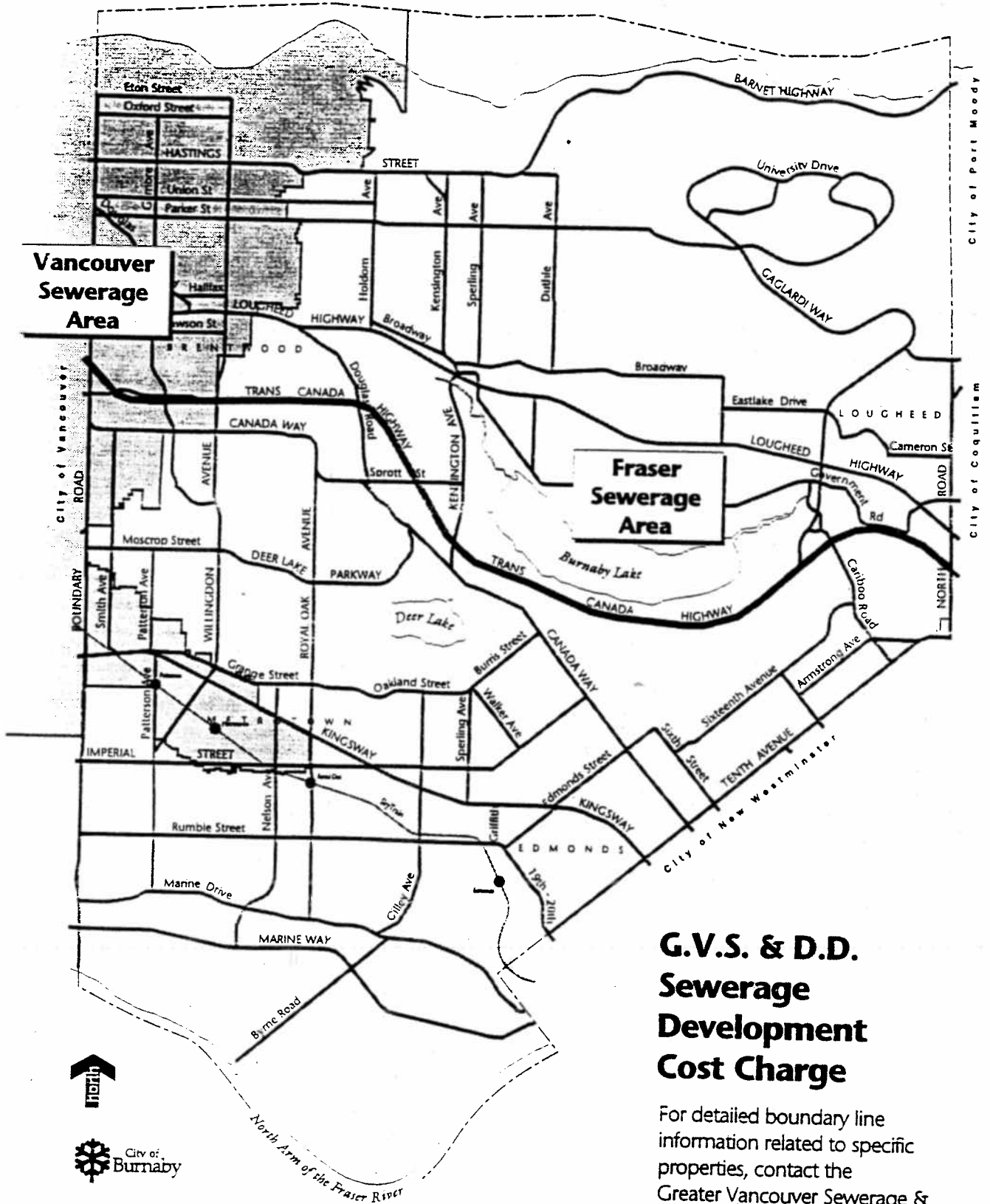
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D.G. Stenson, Director
PLANNING AND BUILDING

BG:db

cc: City Manager
City Solicitor
Director Finance



G.V.S. & D.D. Sewerage Development Cost Charge

For detailed boundary line information related to specific properties, contact the Greater Vancouver Sewerage & Drainage District

