

CITY OF BURNABY

COMMUNITY PLANNING & HOUSING COMMITTEE

*HIS WORSHIP, THE MAYOR  
AND COUNCILLORS*

RE: DEVELOPMENT COST CHARGES FOR REPLACEMENT HOUSING

RECOMMENDATIONS:

1. **THAT** Council direct staff to pursue changes to the Municipal Act as part of the Municipal Act Reform process that would give local governments the ability to levy DCC's to fund the replacement of affordable housing in areas where demolition of the existing affordable housing stock is an issue.
2. **THAT** Council direct staff to prepare background information in support of a formal request to the Lieutenant Governor in Council for "special powers" under Section 223 of the Municipal Act to levy DCC's to fund the replacement of affordable housing, and that this information be submitted in a report to the Community Planning and Housing Committee along with an appropriate resolution for Council's consideration.

REPORT

The Community Planning and Housing Committee, at its meeting held on 1999 August 24, received and adopted the *attached* report responding to Council's request for information about the City of Vancouver's Development Cost Levy for replacement housing and outlining two courses of action by which the City could obtain similar authority.

Respectfully submitted,

Councillor L.A. Rankin  
Chairman

Councillor C. Redman  
Member

Councillor J. Young  
Member

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

**TO:** CHAIRMAN AND MEMBERS August 20, 1999  
COMMUNITY PLANNING AND HOUSING COMMITTEE

**FROM:** DIRECTOR PLANNING AND BUILDING OUR FILE: 12.000

**SUBJECT: DEVELOPMENT COST CHARGES FOR REPLACEMENT HOUSING**

**PURPOSE:** To respond to Council's request for information about the City of Vancouver's Development Cost Levy for replacement housing and to outline two courses of action by which the City of Burnaby could obtain similar authority.

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**RECOMMENDATION:**

1. **THAT** the Community Planning and Housing Committee recommend that Council:
  - a) Direct staff to pursue changes to the Municipal Act as part of the Municipal Act Reform process that would give local governments the ability to levy DCC's to fund the replacement of affordable housing in areas where demolition of the existing affordable housing stock is an issue.
  - b) Direct staff to prepare background information in support of a formal request to the Lieutenant Governor in Council for "special powers" under Section 223 of the Municipal Act to levy DCC's to fund the replacement of affordable housing, and that this information be submitted in a report to the Community Planning and Housing Committee along with an appropriate resolution for Council's consideration.

**REPORT**

**1.0 BACKGROUND**

At its meeting of 1998 October 19, under New Business, City Council adopted the following resolution:

- **THAT** staff investigate and advise Council and the Housing Committee on the particulars of Vancouver's Development Cost Charges pertaining to replacement housing.

A report was provided to the Committee at its meeting of 1999 January 26 in which the practices and policies of the City of Vancouver with respect to Development Cost Levies for

replacement housing was described. The Committee received the report for information and requested that staff prepare a report outlining the process for requesting "special powers" from the Provincial Government to levy a development cost charge for replacement housing.

This report provides a summary of the Vancouver levy for information purposes and proposes two courses of action that would involve the City seeking authority from the Provincial Government for a similar power to levy a Development Cost Charge for funding replacement housing in areas containing affordable rental housing that is at risk of demolition.

## 2.0 DEVELOPMENT COST LEVIES IN THE CITY OF VANCOUVER

The charging of Development Cost Levies is a part of the City of Vancouver's Public Benefit Strategy that funds various amenities and other public objectives.

Under the terms of Section 532D of the City Charter, the City of Vancouver has the ability to charge development levies to pay for capital projects involving replacement housing, parks, daycare facilities and sewerage, water, drainage and highway facilities to meet demands generated by new development within an area. In addition, in cases where a rezoning is required, the City also charges a Community Amenity Contribution (CAC) fee to help pay for parks, recreation facilities, child care facilities and public space improvements throughout the City.

The Development Cost Levy is similar in application to the Development Cost Charge used by other local governments in British Columbia. Under the powers of the Municipal Act however, municipalities cannot charge DCC's for "soft services" such as housing and daycare facilities.

Currently, DCL's are charged in six neighbourhoods in the City of Vancouver that have each undergone an area planning process. The area planning approach analyses existing amenities, area needs and the needs of the new population. The cost of providing the amenities to serve the area is estimated and the potential revenue from the DCL's and the CAC's is projected over a 20-30 year period. From this, and taking into consideration other issues such as priority, the DCL bylaw allocates the future revenue from DCL's that are paid to specific capital items. For example, in the Downtown South neighbourhood, developers pay \$6.18 per square foot of new development of which 45 percent goes to replacement housing.

## 3.0 DEVELOPMENT COST LEVIES FOR REPLACEMENT HOUSING

The City's DCL authority specifically allows for replacement housing when it is anticipated that, *as a result of development, people will be displaced and unable to afford comparable accommodation in the area.* For example, in the Oakridge/Langara area, it was found that 24% of the households qualify as requiring "core-need" housing. Non-market housing

represents 5% of the existing stock. Therefore, a target of 20% non-market units was established for the area.

In designated DCL areas, replacement housing could be provided in several ways. In the case of the Oakridge/Langara area, for 25% of the units, it is assumed that the City would purchase and lease land to a non-profit housing society who would obtain funding from the provincial non-profit housing program. For the balance of the units, the City would either acquire an existing rental apartment building or acquire a site and facilitate the construction of a new apartment building. The DCL funds would be used to ensure that the rents are low end of market.

#### **4.0 OTHER POLICIES IN AID OF PROVIDING REPLACEMENT HOUSING**

On large redevelopment sites, including large sites in DCL areas, the City requires that 20% of the units be non-market. In these cases, the DCL replacement housing levy is not charged.

The City also charges a \$1,000 per unit demolition fee for new development that involves the demolition of existing multi-unit housing. The revenues from this program help fund the Tenant Assistance Program that provides relocation advice and assistance to those who have been displaced by redevelopment.

#### **5.0 NEED FOR A DEVELOPMENT COST CHARGE TO FACILITATE DEVELOPMENT OF REPLACEMENT HOUSING**

At the direction of the Community Planning and Housing Committee and Council, Planning Department staff is currently gathering data as the starting point to commence a review of the Maywood apartment area. Without prejudging the outcome of the review, it is clear that any proposed change in land use would need to be coupled with a firm program to address the loss of affordable housing in this area. It is estimated that the apartment stock in Maywood represents about 20% of the purpose built rental stock in the City, which, in the absence of new private or publicly funded rental construction, would not be replaced under normal market housing activities.

It has become apparent in the early stages of the review that the City's toolkit to address the issue of facilitating the provision of affordable replacement housing is limited. The use of bonus density, for example, will provide a very limited opportunity to obtain very few affordable units on larger sites only if the developer takes advantage of the extra density. Discussions with staff at the City of Vancouver Housing Centre have confirmed that the use of development levies for replacement housing has proved to be the most effective of the tools available to plan for replacement affordable housing in neighbourhoods with a significant amount of existing private rental housing at risk.

As the Maywood study progresses, a fuller review of all of the options to facilitate the development of replacement housing will be presented to the Committee and Council in the context of a proposed revision to the development plan. At this time, however, staff believe that it may be opportune to pursue obtaining authority from the Provincial Government so that the City could charge development levies for replacement housing on a similar basis to the Vancouver Charter.

## **6.0 OPPORTUNITIES AND PROCESS TO REQUEST A CHANGE TO THE CITY'S AUTHORITY TO LEVY DEVELOPMENT COST CHARGES FOR REPLACEMENT HOUSING**

At this time there appears to be two opportunities to request a change to the City's authority to levy DCC's for replacement housing in existing rental areas. One method involves requesting a change to the powers inherent in the Municipal Act as part the Municipal Act reform process, and the second is through seeking "special powers" for the City through Section 223 of the Municipal Act.

It should be noted that the concern about the demolition of the existing affordable rental stock is shared by other local governments. In particular, City of North Vancouver staff has also expressed interest in pursuing the expansion of the toolkit that would respond to the need to facilitate replacement housing. It would be logical to work with other interested local governments in pursuing changes to municipal authority to levy DCC's for replacement housing.

### **6.1 Municipal Act Reform**

The Provincial government is proceeding with a multi-year plan for the reform of the Municipal Act. Changes to the land use planning provisions are scheduled to be part of the year 2000 legislative agenda. The Ministry of Municipal Affairs is currently seeking input on desired changes in the fall of this year.

Through this process, the City could suggest amendments to the Municipal Act that would give local governments authority to levy charges for replacement housing, similar to the City of Vancouver Charter.

### **6.2 Request for Special Powers**

The City could also request authority to levy DCC's for replacement housing through Section 223 of the Municipal Act (see **Attachment 1**). The process to request "special powers" involves the submission of a Council resolution to the Lieutenant Governor in Council to grant a power to the municipality. In its request, the City must not override an absolute prohibition contained in an enactment or request authority to levy a new tax.

The background information submitted with the request must therefore, show that the redevelopment of existing rental stock will result in a direct cost to the City as it attempts to facilitate the development of new affordable rental housing in areas at risk of significant demolition. As well, the City will need to demonstrate clearly how the funds will be used to facilitate the development of affordable housing, such as using the funds to buy a site and then making it available for the development of affordable housing. In the background information, it would be logical to tie the request for "special powers" to an area or neighbourhood where it can be demonstrated that there is rental housing stock viewed at risk of demolition. Then, in the future, if other areas appeared to be in a similar circumstance, the City could request authority for those areas as well.

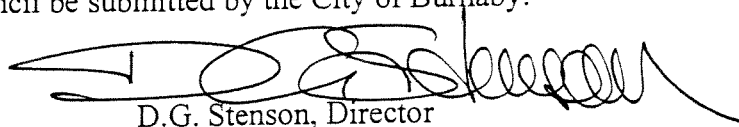
## 7.0 CONCLUSION

Under the terms of the City Charter, the City of Vancouver is able, in specified Development Cost Levy areas, to levy a charge against new development to help fund replacement housing when it is anticipated that people will be displaced by development.

Currently, the Development Cost Charge Provisions of the Municipal Act clearly does not give municipalities the ability to charge a similar levy. The local planning powers of the Municipal Act, however, are currently the subject of a review. Also, a local government may be able to request "special powers" under the Municipal Act from the Provincial Government to levy such a charge in a situation where redevelopment could have a deleterious impact on existing affordable housing and replacement housing should be provided. To date, no municipality has asked for the ability to levy DCC's for replacement housing under the "special powers" provisions of the Municipal Act.

It is recommended that staff be directed to pursue both options for obtaining authority to levy development cost charges to facilitate the creation of replacement affordable housing, as outlined in this report. In the case of Municipal Act reform, if Council agrees, staff will pursue advancement of a proposal for an amendment to the Municipal Act to include powers for local governments similar to the Vancouver Charter.

As well, staff will concurrently commence work on a package of information that will form the basis of a request for "special powers" under Section 223 of the Municipal Act to levy a DCC to fund replacement housing, using the Maywood area as the justification of the request for new powers. Once this information is prepared, a separate report will be submitted to the Community Planning and Housing Committee recommending that a formal request to the Lieutenant Governor in Council be submitted by the City of Burnaby.

  
D.G. Stenson, Director  
PLANNING AND BUILDING

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cc: City Manager  
Acting City Solicitor  
Director Finance

**Additional powers and exceptions may be granted to municipalities**

223 (1) The Lieutenant Governor in Council may, by regulation, do one or more of the following in relation to a specified municipality or a described class of municipalities:

- (a) grant a power to the municipality or class;
- (b) provide an exception to or a modification of a requirement established by an enactment;
- (c) establish any terms and conditions the Lieutenant Governor in Council considers appropriate regarding
  - (i) the grant of a power under paragraph (a) or the exercise of it, or
  - (ii) an exception or modification under paragraph (b) or the taking of its benefit.

(2) A regulation made under this section must not do any of the following:

- (a) confer an authority otherwise available to a municipality, including any power that may be granted under section 219, 220, 221 or 222;
- (b) override an absolute prohibition contained in an enactment;
- (c) confer an authority to levy a new tax;
- (d) confer an authority to grant a new tax exemption;
- (e) eliminate a requirement for obtaining the assent of the electors;
- (f) any other thing prohibited by regulation under subsection (3).

(3) The Lieutenant Governor in Council may, by regulation, prescribe additional limitations on the authority under this section.

