



City of Richmond

Report to Committee

To: Finance Committee

Date: March 1, 2019

From: Jerry Chong, CPA, CA
Director, Finance

File: 03-0900-01/2019-Vol
01

Re: Annual Development Cost Charges Imposition Bylaw Amendment

Staff Recommendation

1. That the proposed Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10003 be introduced and given first reading; and
2. That the staff report titled "Annual Development Cost Charges Imposition Bylaw Amendment" dated March 1, 2019 from the Director, Finance, be endorsed as the basis for public consultation in establishing the amended Development Cost Charge Imposition Bylaw.

Jerry Chong, CPA, CA
Director, Finance
(604-276-4064)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Economic Development	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Building Approvals	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Policy Planning	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

Development Cost Charges (DCC) are collected by local governments from new developments in order to fund the capital cost of infrastructures, such as parkland purchase, park development, traffic improvements and engineering infrastructures, that are required by growth.

The Ministry's Development Finance Review Committee (DFRC), through its Development Cost Charges Best Practice Guide, recommends minor amendments to the DCC bylaw be made by municipalities annually to reflect general inflationary increase in their DCC program costs.

This staff report proposes an increase of 2.9% to the City's city-wide DCC rates for 2019.

Analysis

Proposed DCC Rates Amendment

During the City's last major DCC update in 2017, the development industry expressed concerns with respect to significant increase in DCC rates due to the compounding effect of cost escalation between major DCC updates. The City therefore proposed to complete minor DCC amendments annually to address the concern.

Under the *Development Cost Charges Bylaw Approval Exemption Regulation, B.C. Reg. 130/2010*, municipalities are permitted to increase DCC rates annually without approval by the Ministry as long as the increase does not exceed the annual average Consumer Price index for Vancouver (VCPI). The exemption is granted by the regulation once a year, for up to four years.

Staff recommend that the DCC Bylaw be amended to include an increase of 2.9% (based on the 2018 actual VCPI as published by Statistics Canada), where:

- The increase is consistent with the DCC regulation in using VCPI as a benchmark for annual rate adjustment.
- The proposed increase meets the development industry's request to have incremental increases in DCC rates on a periodic basis until the next major DCC update.
- The next major DCC update will take place by the sooner of (i) May 2022 (every five years under the DFRC best practice guide), or (ii) when changes in DCC program costs and/or growth assumptions become permanent or substantial that warrant a major amendment.
- The following table summarizes the proposed changes to the City's city-wide DCC rates:

Development Type	Unit	Current DCC Rates (2018)	Proposed DCC Rates (2019)	Proposed Increase (\$)
Single Family	per lot	\$40,362.97	\$41,533.50	\$1,170.53
Townhouse	per ft ²	\$21.95	\$22.59	\$0.64
Apartment	per ft ²	\$23.11	\$23.78	\$0.67
Commercial/Institutional	per ft ²	\$14.84	\$15.27	\$0.43
Light Industrial	per ft ²	\$11.58	\$11.92	\$0.34
Major Industrial	per acre	\$99,866.15	\$102,762.27	\$2,896.12

Next Steps

If first reading of the Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10003 is given, staff will communicate the proposed bylaw rates with the development community (e.g. through Urban Development Institute, Commercial Real Estate Development Association (NAIOP), Greater Vancouver Home Builders' Association, on City's social media platforms and the City's website). Feedback received from the public will be presented to Council for consideration upon second and third readings prior to bylaw adoption.

Under the *Development Cost Charges Bylaw Approval Exemption Regulation, B.C. Reg. 130/2010*, approval from the Ministry is not required for adoption of the proposed amended DCC bylaw. Once the bylaw has been adopted by Council, a copy of the bylaw will be filed with the Ministry.

Implementation Guidelines

Sections 511 and 568 of the *Local Government Act* that provide in-stream protection to subdivision applications and precursor applications (e.g. rezoning application, development permit application, building permit application) for one year from the effective date of the adopted DCC bylaw.

To qualify for in-stream protection (i.e. to be grandfathered to the current DCC rates instead of the new DCC rates in the amended DCC Bylaw), prior to the effective date of the DCC bylaw, the subdivision applications or the precursor applications must have been submitted in satisfactory form to and accepted by the City, and that all application fees have been paid. For in-stream applications to be grandfathered, the subdivision must be completed within 12 months after the bylaw is adopted. For in-stream precursor applications, the building permit related to these applications must be issued within 12 months of the effective date of the bylaw in order for the grand-fathering provision to be applicable.

Financial Impact

The proposed bylaw will increase DCC rates by 2.9% across all development types. The amount of DCC collection will depend on the amount of new development activities and the types of development activities.

Conclusion

The proposed annual DCC rate adjustment allows the City to reflect in the DCC rates the general inflationary increase in the City's DCC program costs. Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10003 is included in this staff report for Council's consideration.



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Manager, Treasury and Financial Services
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**DEVELOPMENT COST CHARGES IMPOSITION BYLAW NO. 9499,
AMENDMENT BYLAW NO. 10003**

The Council of the City of Richmond enacts as follows:

1. Schedule B of the **Development Cost Charges Imposition Bylaw No. 9499** be deleted and be replaced with Schedule A attached to and forming part of this amendment bylaw.
2. This Bylaw is cited as **“Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10003”** and is effective May 14, 2019.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept. <i>WJ</i>
APPROVED for legality by Solicitor <i>SA</i>

MAYOR

CORPORATE OFFICER

SCHEDULE B City-Wide Development Cost Charge

Description	Richmond Zoning Bylaw 8500			Road Works	Drainage Works	Water Works	Sanitary Sewer	Parks Acquisition	Parks Development	Total DCC	Units for each column
	Standard Zones	Site Specific Zones	Site Specific Mixed Use Zones (1)								
Agricultural	AG, CR, GC	ZA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Marina (2)	MA										
Single Family	RS, RC, RCH, RD, RI, RE, RCC	ZS, ZD		\$16,470.05	\$ 7,431.60	\$ 1,123.18	\$ 2,642.61	\$ 7,973.93	\$ 5,892.13	\$ 41,533.50	per lot
Townhouse	RTL, RTM, RTH, RTP	ZT		\$ 7.89	\$ 3.20	\$ 0.73	\$ 1.73	\$ 5.20	\$ 3.84	\$ 22.59	per sq. ft. of DU
Apartment	RAL, RAM, RAH	ZLR, ZHR	ZR, RCL, ZMU, CS, ZC	\$ 9.69	\$ 2.28	\$ 0.76	\$ 1.77	\$ 5.34	\$ 3.94	\$ 23.78	per sq. ft. of DU
Commercial (3)	CL, CC, CA, CDT, CEA, CG, CN, CP, CV IB, IL, IR, IS	ZC ZI	ZR, RCL, ZMU, CS, ZC	\$ 11.76	\$ 2.21	\$ 0.29	\$ 0.67	\$ 0.20	\$ 0.14	\$ 15.27	per sq. ft. of BA
Light Industrial (4)	IB, IL, IR, IS	ZI		\$ 8.41	\$ 2.21	\$ 0.29	\$ 0.67	\$ 0.20	\$ 0.14	\$ 11.92	per sq. ft. of BA
Major Industrial	I			\$43,911.04	\$ 43,983.31	\$ 4,028.76	\$ 9,478.85	\$ 782.27	\$ 578.04	\$102,762.27	per acre of gross site area
Institutional	AIR, SI, ASY, HC	ZIS		\$ 11.76	\$ 2.21	\$ 0.29	\$ 0.67	\$ 0.20	\$ 0.14	\$ 15.27	per sq. ft. of BA

(1) For site specific mixed-use residential and commercial zones, the development cost charge (DCC) payable shall be calculated separately for reach portion of the development. DCC for residential uses are charged at the appropriate multi-family residential rate, and any commercial space is charged at the appropriate commercial rate.

(2) Waterborne residential development permitted under MA zone is exempt from DCC. Any upland buildings in this zone are required to pay the Commercial DCC Rate.

(3) Commercial rate is applicable to all uses permitted in these zones, except for the following, which will be charged the industrial rate: (i) general industrial, (ii) custom indoor manufacturing, (iii) minor utility, (iv) transportation depot, and (v) truck or railroad terminal.

(4) For industrial developments with a mix of commercial and industrial permitted uses (including site-specific industrial zones), the DCC payable shall be calculated separately for each portion of development contained in the building permit or subdivision application in accordance with actual uses. The total payable will be the sum of the DCC for each portion of the development at the applicable DCC rates.