

**Schedule 9 to the Minutes of the
Council Meeting for Public
Hearings held on Tuesday,
February 25, 2014.**



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February 25, 2014

Mayor Malcolm Brodie and Council
City of Richmond
6911 No. 3 Road
Richmond, British Columbia V6Y 2C1

Dear Mayor and Council:

Re: Development Financing for the Proposed Hamilton Area Plan

The Urban Development Institute (UDI) would like to thank Richmond staff for their work on the Hamilton Area Plan, which we generally support and ask Council to approve. We would like to thank staff for meeting with UDI members on February 20, 2014 to discuss the Community Amenity Contribution (CAC) strategy for the Hamilton Area Plan. The implications of this matter impact land owners and our industry across the City.

We commend the City on their shift away from the "land lift" or proforma approach to calculating CACs and your willingness to engage in a constructive dialogue about a variation on the Development Cost Charges methodology.

Given the tight time frame for the Hamilton Area Plan and the desire of both the community and our membership to move this forward, we would like to suggest an interim approach that provides a period of time for further discussion of a comprehensive overview of CACs both for Hamilton and future area plans.

The City has already identified three needed amenities in the Hamilton Area Plan costing \$10.4 million. UDI agrees with the list as it reflects the community aspirations and is consistent with the approach that the industry supports. We suggest that there is a need for third party validation of the cost estimates for these amenities; however this may take time to complete. As part of an interim structure, we support using the City's estimates as a base with a 10% contingency to add to the City's estimate to address potential uncertainties.

UDI has grave concerns about the creation of a list of possible amenities to justify the disproportionately large "miscellaneous" category described in Figure 4 on page 16 (CNCL – 419). The range of this category from \$3.8 million to \$12.2 million and the clear scaling of this item in relation to the amount of "land lift" proposed to be extracted is alarming. We do not support the concept that the City should determine what our, or any other businesses, profit might be. The concept of imposing an extraction from our business that exceeds what is necessary to address the impact of growth in a given area is without a moral, economic or equitable foundation. We

strongly encourage Council to reject this approach in favour of a transparent, accountable, equitable and justifiable methodology based on the universally accepted DCC principals.

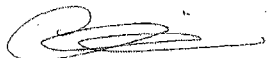
We recommend that the City review the amenity program over the next two years with the aim of creating a clear framework for moving forward in Hamilton and other area plans. This review should include the overall context of other requirements such as affordable housing levies, public art contributions, daycare contributions and the potential for changes in the DCC rates, which all impact the total cost. The review could also include city-wide amenities.

We also suggest that a regular review process form part of the CAC calculation methodology to address the City's concerns about construction cost escalation, increases in building standards, and the possible addition of amenity requirements not identified at this time. We asked that this recommendation be considered by Council for the Public Hearing (on Tuesday, February 25th).

In light of the fact the CACs for Hamilton are a new charge and not one the industry has had adequate time to review, analyze and comment on, we suggest that the CACs for Hamilton be limited to the identified three amenities plus a 10% contingency, and with the understanding that the program will be reviewed.

UDI looks forward to working with the City on the implementation of the Hamilton Area Plan and in establishing a means of calculating CACs that mirrors the DCC approach. We look forward to continuing to build on the solid working relationship we have enjoyed over the years through our joint Liaison Committee with City staff.

Yours sincerely



Anne McMullin
President and CEO