



City of Richmond

Report to Committee

To: Finance Committee **Date:** May 6, 2024
From: Mike Ching **File:** 03-0900-01/2024-Vol
 Director, Finance 01
Re: **Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)**

Staff Recommendations

1. That the proposed Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558, as recommended in the staff report titled “Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)” dated May 6, 2024 from the Director, Finance, be introduced and given first reading; and
2. That the staff report titled “Development Cost Charges Imposition Bylaw Annual Inflationary Update (2024)” dated May 6, 2024 from the Director, Finance, be endorsed as the basis for public consultation in establishing the amended Development Cost Charges Imposition Bylaw.

Mike Ching, CPA, CMA
 Director, Finance
 604-276-4137

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

Staff Report

Origin

Local governments collect Development Cost Charges (DCC) from new developments in order to fund growth-related capital infrastructure costs. The Ministry's Development Finance Review Committee (DFRC), through its Development Cost Charges Best Practice Guide, recommends local governments in making minor amendments to their DCC bylaw annually to reflect a general inflationary increase in their DCC program costs.

This report supports Council's Strategic Plan 2022-2026 Focus Area #2 Strategic and Sustainable Community Growth:

Strategic and sustainable growth that supports long-term community needs and a well-planned and prosperous city.

2.3 Ensure that both built and natural infrastructure supports sustainable development throughout the city.

This report supports Council's Strategic Plan 2022-2026 Focus Area #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

4.1 Ensure effective financial planning to support a sustainable future for the City.

4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.

Findings of Facts

The City of Richmond (the City) completed a major DCC update in 2023, where DCC Imposition Bylaw No. 9499, Amendment Bylaw No. 10436 was adopted by Council on July 24, 2023.

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

In following DFRC's DCC Best Practice Guide, and in line with the *DCC Bylaw Approval Exemption Regulation*, the City is proposing an annual inflationary increase of 4.30% in 2024 to its DCC Imposition Bylaw, effective July 24, 2024.

Updates to Provincial Housing Legislations

Several new pieces of housing legislation have been introduced and rolled out by the Province since the fall of 2023. Specifically, Bill 46 (Housing Statutes – Development Financing) made amendments to the *Local Government Act* to provide local governments with new and expanded development finance tools. These changes include:

- Updating the scope of infrastructure eligible to be funded through DCC to include new categories of infrastructure such as fire protection facilities, police facilities, solid waste and recycling facilities, as well as certain eligible provincial highway infrastructure projects.
- Introducing Amenity Cost Charges (ACC) as a new development finance tool that allows local governments to collect funds for amenities, such as community centres, recreation centres, daycares, and libraries from new development that results in increased population.

Also taking into consideration the impacts of Bill 44 (Housing Statutes – Residential Development), Bill 47 (Housing Statutes – Transit-Oriented Areas) and the proposed Bill 16 (Housing Statutes Amendment Act), staff are currently reviewing the impact of the new legislation and are working towards preparing an update to the City’s DCC framework and establishing a new ACC framework. Upon completion of the review, staff will prepare a report on the updated DCC program and the new ACC program for Council’s consideration.

Analysis

The average annual VCPI for year 2023, as reported by Statistics Canada, was 4.30%. The following table summarizes the proposed changes to the City’s city-wide DCC rates:

Development Type	Unit	Current DCC Rates (2023)	Proposed 4.30% Increase in DCC Rates (2024)	Proposed Increase Amount (\$)
Single Family	per lot	\$61,138.20	\$63,767.14	\$2,628.94
Townhouse	per ft ²	\$32.40	\$33.79	\$1.39
Apartment	per ft ²	\$34.31	\$35.79	\$1.48
Commercial/Institutional	per ft ²	\$22.15	\$23.10	\$0.95
Light Industrial	per ft ²	\$18.19	\$18.97	\$0.78
Major Industrial	per acre	\$206,249.33	\$215,118.05	\$8,868.72

The proposed minor DCC rates amendment will allow the City to reflect the annual cost inflationary adjustment in its DCC program in the current year, while a multi-disciplinary group of staff are continuing to undertake the necessary studies and reviews to ensure that the impacts of the legislative changes will be incorporated into the City’s next major DCC update. Due to the complexity of the legislative changes, along with public consultation requirements and Inspector’s approval requirements, the current expedited major DCC review is anticipated to take around 9 to 12 months to complete.

Next Steps

If first reading of the Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558 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 *DCC Bylaw Approval Exemption Regulation*, 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* 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 grandfathering provision to be applicable.

Financial Impact

The proposed bylaw will increase DCC rates by 4.30% across all development types. The amount of DCC collection will depend on the volume and types of new development activities.

Conclusion

The proposed annual DCC rate adjustment allows the City to increase the DCC rates by general inflationary increase for the current year. Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558 is included in this staff report for Council's consideration.



Venus Ngan, CPA, CA
Manager, Treasury and Financial Services
(604-276-4217)

Att. 1: Proposed Development Cost Charges Imposition Bylaw No. 9499, Amendment Bylaw No. 10558



DEVELOPMENT COST CHARGES IMPOSITION BYLAW NO. 9499, AMENDMENT BYLAW NO. 10558

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. 10558" and is effective July 24, 2024.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

Four horizontal lines for signatures

CITY OF RICHMOND
APPROVED for content by originating dept.
VN
APPROVED for legality by Solicitor
BRB

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		\$ 20,226.12	\$ 24,857.00	\$ 1,135.83	\$ 2,370.85	\$ 9,637.14	\$ 5,540.20	\$ 63,767.14	per lot
Townhouse	RTL, RTM, RTH, RTP	ZT		\$ 10.06	\$ 11.09	\$ 0.77	\$ 1.61	\$ 6.52	\$ 3.74	\$ 33.79	per sq. ft. of DU
Apartment	RAL, RAM, RAH	ZLR, ZHR	ZR, RCL, ZMU, CS, ZC	\$ 13.31	\$ 8.48	\$ 0.86	\$ 1.77	\$ 7.22	\$ 4.15	\$ 35.79	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	\$ 14.45	\$ 7.38	\$ 0.29	\$ 0.60	\$ 0.24	\$ 0.14	\$ 23.10	per sq. ft. of BA
Light Industrial (4)	IB, IL, IR, IS	ZI		\$ 10.32	\$ 7.38	\$ 0.29	\$ 0.60	\$ 0.24	\$ 0.14	\$ 18.97	per sq. ft. of BA
Major Industrial	I			\$ 53,928.06	\$ 147,122.07	\$ 4,074.34	\$ 8,504.54	\$ 945.49	\$ 543.55	\$ 215,118.05	per acre of gross site area
Institutional	AIR, SI, ASY, HC	ZIS		\$ 14.45	\$ 7.38	\$ 0.29	\$ 0.60	\$ 0.24	\$ 0.14	\$ 23.10	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 each 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.