



City of Richmond
Urban Development Division

Report to Committee

To: Planning Committee
From: Holger Burke, MCIP
Acting Director of Development

Date: October 4, 2005
File: 08-4105-01/2005-Vol 01

Re: **Development Application Fee 2% Inflationary Increase**

Staff Recommendation

That Development Application Fees Bylaw No. 7984, which repeals the current Development Applications Fee Bylaw No. 7276 and introduces new Development Application fees, be introduced and given first, second and third readings.

Holger Burke, MCIP
Acting Director of Development

WC:blg
Att.

FOR ORIGINATING DIVISION USE ONLY					
			CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES	NO	REVIEWED BY CAO	YES	NO
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Staff Report

Origin

The purpose of this staff report is to:

- Increase Development Application Fees by 2% (based on the Statistics Canada and Bank of Canada inflationary data showing an average increase in the Consumer Price Index (CPI) of approximately 2.15% per year since the bylaw was adopted in 2002). The inflationary fee increase is consistent with Council policy to automatically increase user fees by the CPI.

A new Development Application Fees Bylaw is being proposed to ensure the Development Applications fees respond to factors of inflation and that the Development Applications Department continues to move towards a more self-sufficient business model where fees and overall operation are based on a 'cost recovery model' (i.e. revenues = expenditures).

To achieve these goals, staff propose to:

- Introduce a new Development Application Fees Bylaw 7984, which will repeal Development Applications Fees Bylaw No. 7276, effective January 1, 2006.

Findings of Fact

Consumer Price Index - Fees Increase

The current Development Application Fees Bylaw came into effect on October 1, 2002. The bylaw has undergone three subsequent amendments due to the introduction of "fast track" Development Applications and recent changes to Provincial liquor licence regulations. The 2002 Bylaw was the first comprehensive review and adjustment to the Development Application Fees Bylaw since 1997.

During the 2002 review, there was discussion among Planning Committee members and staff regarding reviewing Development Application fees on an annual basis to reflect inflation. On September 22, 2003, Council adopted a **Long Term Financial Management Strategy**. A Policy contained within this strategy identifies the following directive:

"Policy Nine (9) – Administrative – As part of the annual budget process, the following shall be undertaken:

- **All user fees will be automatically increased by CPI."**

This Policy in the Long Term Financial Management Strategy was primarily initiated due to the fact that user fees are not currently adjusted for inflation. Statistics Canada and Bank of Canada calculations show an approximate 6.6% change in the CPI over the past three years (average annual rate of inflation of approximately 2.15%). To reflect this CPI increase, in accordance with Council policy, a 2% increase in Development Application fees (**Attachment 1**) is proposed to limit the impact of the fee increase on the development industry. Staff will review the Development Application fees on an annual basis beginning in 2006 to ensure our fees respond to the rate of inflation.

The Urban Development Institute (UDI) was consulted in April, 2005 regarding the proposed 2% CPI fee increase. While no official correspondence has been provided to date, previous UDI correspondence dated February 2, 2004, has indicated concerns over inflationary fee increases (**Attachment 2**).

Staff Comments

Development Application Review

Urban Development Division staff are currently evaluating the range of services offered to the development industry. Staff anticipate bringing forward a subsequent report to Council in early 2006 to expand the range of Development Application services offered in an effort to improve customer service. This report will also look at introducing new fees for various Development Applications that currently do not have a fee associated with them, although staff resources are required to process these application requests.

Analysis

The following principles are provided to support the proposed increases to Development Application fees:

- The 2.0% increase in Development Application Fees is based upon the Consumer Price Index (CPI) annual average increase of approximately 2.15% since the Development Application Fee Bylaw came into force in 2002.
- Applying fee increases according to the CPI would help mitigate the need for large fee increases. Staff are only proposing a 2% increase at this time, although the CPI rose by approximately 6% since 2002, to limit the impact of the fee increase. Staff will review the Development Application fees on an annual basis beginning in 2006 to ensure fees respond to inflation and are representative of actual staff resources required.
- Only the base application fees are adjusted and fee changes are rounded to the nearest \$5.00. Additional area or unit charges remain unchanged.
- Increasing Development Application fees by the rate of inflation is in keeping with Council's Long Term Financial Management Strategy.
- The fee increase ensures the Development Applications Department continues to move towards a 'self-sufficient' business model.
- Other City Fee Bylaws (Development Costs Charges (DCC) Imposition - Bylaw and Business License Bylaw) were recently adjusted according to the CPI rate.

There have been concerns voiced by the development community and Committee members about the impact of increasing fees without forewarning and the consequences this may have on the economic performance of a project. In response to this, staff propose to implement the new Development Application Fees on January 1, 2006 to enable sufficient notification of changes. Staff will also ensure that all fee-related City brochures, documents and internet information will be revised accordingly to reflect changes.

The issue of automatically adjusting fees on an annual basis according to the CPI and how this will be implemented (i.e. corporately or departmentally) has yet to be determined by staff. However, an approach is being developed to ensure that Development Application fees are annually adjusted for the years following 2006. Should a corporate strategy not be determined before the end of 2006, Urban Development Division staff will review the Development Application Fee Bylaw and bring forward any necessary fee adjustments.

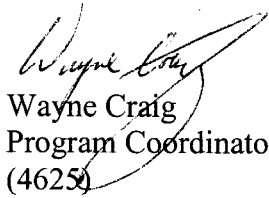
Financial Impact

The table provided in **Attachment 1** shows a breakdown of existing and proposed Development Application fees based on the 2.0% inflationary increase.

Conclusion

Staff recommend that Development Application Fees Bylaw No. 7276 be repealed and a new Development Application Fee Bylaw (Bylaw 7984) be introduced.

The proposed increase to the Development Application user fees responds to and is consistent with Council policy of automatically raising City-wide user fees according to the CPI. Staff further propose to conduct an annual Development Application fee review to ensure fees respond to the rate of inflation.



Wayne Craig
Program Coordinator – Development
(4625)

WC:blg

2% CPI Adjustment to Existing Development Application Fees

Type of Development Application	Existing Fees*	Proposed Fees
Rezoning (Including Official Community Plan amendment)	\$2,000 - \$3,000 (Base Fee) plus: • \$10 - \$40 per dwelling unit • \$5 - \$25 per 100 m ² of non-residential building area	\$2,040 - \$3,060 (Base Fee) plus: • Applicable dwelling unit and/or floor area fees remain unchanged
Fast Track Rezoning	\$1,000	\$1,020
Zoning Text Amendment	\$1,575	\$1,605
OCP Amendment (not involving a rezoning)	\$3,000	\$3,060
Second Public Hearing (Rezoning, Zoning Text or OCP Amendment)	\$750 per Public Hearing	\$765 per Public Hearing
Environmentally Sensitive Area (ESA) or Agricultural Land Reserve (ALR) Development Permit	\$1,500	\$1,530
Development Permit (not involving ESA or ALR)	\$1,500 (Base Fee) plus: • Variable floor area charges • Maximum fee of \$15,750	\$1,530 (Base Fee) plus: • Variable floor area charges and maximum fee remain unchanged
General Compliance Ruling (on an approved Development Permit)	\$500	\$510
Development Variance Permit	\$1,500	\$1,530
Subdivision	\$750 – (Base Fee incl. first parcel) • \$105 for each additional parcel	\$765 - (Base Fee incl. first parcel) • \$105 for each additional parcel
Subdivision – Preliminary Letter of Approval Extension	\$250 – per extension	\$255 – per extension
Air Space Subdivision	\$2,000 (Base Fee) plus: • \$125 for each parcel	\$2,040 (Base Fee) plus: • \$125 for each parcel
Consolidation	\$100	\$100
Strata Title Conversion	\$2,000 - Two-family dwellings \$3,000 - Multi-family, Commercial or Industrial	\$2,040 - Two-family dwellings \$3,060 - Multi-family, Commercial or Industrial
Phased Strata Subdivision	\$500	\$510
Temporary Use Permit	\$2,000 (Application fee) \$1,000 (Renewal)	\$2,040 (Application fee) \$1,020 (Renewal)
Land Use Contract Amendment	\$2,000	\$2,040
Servicing Agreement	\$1,000 processing fee	\$1,020 processing fee
Civic Address Change	\$250 - Subdivision or Consolidation \$1,000 - Personal Preference	\$255 - Subdivision or Consolidation \$1,020 - Personal Preference

* Development Application Fees were adopted in June, 2002. The proposed 2% CPI adjustment represents the first CPI adjustment to these fees and would be effective January 1, 2006.



**Urban Development Institute
Pacific Region**

*3rd Floor, 717 West Pender Street
Vancouver, B.C., V6C 1G9
Tel: (604) 669-9555 Fax: (604) 669-8691*

February 2, 2004

Mr. Joe Erceg
General Manager of Urban Development
City of Richmond
6911 No. 3 Road
Richmond, B.C.

Dear Mr. Erceg,

Re: Development Related Fees and Charges

According to discussions which occurred at the January 28, 2004 meeting of the UDI - Richmond Liaison Committee, it is our understanding that your staff is considering recommendations to City Council to approve various increases to fees and charges relating to the development process in Richmond.

We understand that these fee increases are part of an effort to be consistent in the application of a policy of annually adjusting for inflation so as to maintain a certain level of cost recovery within your Urban Development Division.

First, we wish to point out to you that the current burden of fees and taxes charged by all governments is an overall burden which universally seems to increase regularly, and is adding to the overall inflationary pressure in the economy. In the housing sector, the burden of government fees and charges is a significant component in the cost equation for housing, inhibiting what we all agree is the laudable goal of improving housing affordability.

Fee increases simply further add to the cost of housing, burdening homeowners.

Second, we must point to some inconsistencies in the rationale used to justify the pursuit of cost recovery by charging ever increasing development related fees and charges. It seems as though cost recovery is only an objective when the workload of your department is increased and costs are assumed to be rising. Is the principle of cost recovery ever applied in reverse?

For example, when development activity declined substantially during the later part of the 1990s, we did not see any reduction in fees which might have reflected a substantial

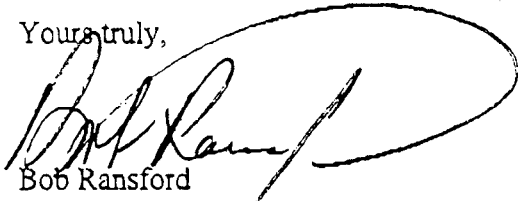
reduction in your workload and costs. If the principle of cost recovery will form the basis for the rationale behind annual adjustments in fees and charges, can we assume that fees and charges will be adjusted both upward and downward, depending on the activity your department must contend with and the consequent costs of the same?

Finally, on the matter of service levels and costs, we would expect that, as development activity increases you are achieving some economies of scale within your operations, some which will result in cost savings that should partially or in whole offset the effects of inflation. Are we correct in this assumption?

We trust you will consider these matters and respond to us on how they might be incorporated into the development of your policies concerning fees and charges.

Thank you for your attention to this matter.

Yours truly,

A handwritten signature in black ink, appearing to read 'Bob Ransford', enclosed within a large, loopy oval shape.

Bob Ransford
Chair, UDI-Richmond Liaison Committee



Development Application Fees Bylaw No. 7984

The Council of the City of Richmond enacts as follows:

PART ONE – ESTABLISHMENT OF FEES

1.1 Council Confirmation of Fees

1.1.1 Council declares that the application fees established in this Part are accurate estimates of the costs to the City, of processing, inspecting and undertaking public notification, if applicable, in connection with the various types of applications shown.

1.2 Zoning Amendments

1.2.1 Every applicant for an amendment to:

- (a) the text of the **Zoning and Development Bylaw** must pay an application fee of \$1,605;
- (b) the land use designation of property shown in the **Zoning and Development Bylaw** must pay an application fee of:
 - (i) \$2,040 for 'Single-Family Housing District (R/1)' where the application is in compliance with a policy adopted under Section 702 of the **Zoning and Development Bylaw**, or where no such policy exists;
 - (ii) \$2,550 for 'Single-Family Housing District (R/1)' where the application requires a new or amended policy adopted under Section 702 of the **Zoning and Development Bylaw**;
 - (iii) \$3,060 for 'Comprehensive Development Districts', plus in the case of new residential development, \$40 per dwelling unit for the first 20 dwelling units and \$20 per dwelling unit for each subsequent dwelling unit, and in the case of new non-residential building area, \$25 per 100 square metres for the first 1,000 square metres and \$15 per 100 square metres thereafter; and
 - (iv) \$2,040 for all other zoning districts, plus in the case of new residential development, \$20 per dwelling unit for the first 20 dwelling units and \$10 per dwelling unit for each subsequent dwelling unit, and in the case of new non-residential building area, \$15 per 100 square metres for the first 1,000 square metres and \$5 per 100 square metres thereafter.

1.2.2 The application fee specified in subsection 1.2.1 includes any required amendment to the **Official Community Plan** if such applications are submitted simultaneously.

1.2.3 Where an application for an amendment to the **Zoning and Development Bylaw** must be submitted to a second or subsequent **public hearing** because of:

- (a) a failure by the **applicant** to comply with a requirement of the **City**; or
- (b) other actions on the part of the **applicant**,

in connection with the application, such **applicant** must pay a fee of \$765 for a second and each subsequent **public hearing** required.

1.2.4 An **applicant** is entitled to a refund of 50% of the application fee if:

- (a) the application is withdrawn prior to being submitted to a **public hearing**; and
- (b) the **City** does not incur any costs associated with such **public hearing**.

1.2.5 Where **City** staff and the **applicant** agree on an expedited timetable for an application to amend the land use designation of property shown in the **Zoning and Development Bylaw**, the **applicant** must pay an additional application fee of \$1,020 to take advantage of the agreed to expedited timetable.

1.3 Official Community Plan Amendments

1.3.1 Every **applicant** for an amendment to the **Official Community Plan** must pay an application fee of \$3,060 where an application for an amendment to the **Zoning and Development Bylaw** is either not required, or not submitted at the same time.

1.3.2 Where an application for an amendment to the **Official Community Plan** must be submitted to a second or subsequent **public hearing** because of:

- (a) a failure by the **applicant** to comply with a requirement of the **City**; or
- (b) other actions on the part of the **applicant**,

in connection with the application, such **applicant** must pay a fee of \$765 for a second and each subsequent **public hearing** required.

1.3.3 Notwithstanding the provisions of subsection 1.3.1, an **applicant** is entitled to a refund of 50% of the application fee if:

- (a) the application is withdrawn prior to being submitted to a **public hearing**; and
- (b) the **City** does not incur any costs associated with such **public hearing**.

1.4 Development Permits

1.4.1 Every **applicant** for a **Development Permit** which does not include property:

- (a) designated in the **Official Community Plan** as an Environmentally Sensitive Area (ESA); or
- (b) located within, or adjacent to, the Agricultural Land Reserve (ALR),

must pay an application fee of \$1,530, plus a fee of \$525 for up to 464.5 square metres of gross floor area:

- (i) plus \$105 for each additional 92.9 square metres or portion of 92.9 square metres of gross floor area up to 9,290 square metres;
- (ii) plus \$20 for each additional 92.9 square metres or portion of 92.9 square metres of gross floor area over 9,290 square metres,

up to a maximum fee of \$15,750.

1.4.2 Where an application for a **Development Permit** includes property:

- (a) designated in the **Official Community Plan** as an Environmentally Sensitive Area (ESA); or
- (b) located within, or adjacent to, the Agricultural Land Reserve (ALR),

a fee of \$1,530 must be paid, in addition to the application fee specified in subsection 1.4.1.

1.4.3 Every **Development Permit** holder requesting a General Compliance Ruling on a **Development Permit** must pay a fee of \$510.

1.4.4 Where **City** staff and the **applicant** agree on an expedited timetable for an application for a **Development Permit**, the **applicant** must pay an additional application fee of \$1,020 to take advantage of the agreed to expedited timetable.

1.5 Development Variance Permits

1.5.1 Every **applicant** for a **Development Variance Permit** must pay an application fee of \$1,530.

1.6 Temporary Use Permits

1.6.1 Every **applicant** for a **Temporary Use Permit** must pay an application fee of \$2,040, and a fee of \$1,020 for the renewal of such permit.

1.7 Land Use Contract Amendments

1.7.1 Every **applicant** for an amendment to a Land Use Contract must pay an application fee of \$2,040.

1.8 Neighbourhood Public House and Cold Beer and Wine Store Approvals

1.8.1 Every **applicant** seeking approval from **Council** in connection with a liquor licence for a neighbourhood public house or cold beer and wine store must pay an application fee of:

- (a) \$1,070 where an amendment to the **Zoning and Development Bylaw** is not required; and
- (b) \$4,615 where an amendment to the **Zoning and Development Bylaw** is required.

1.8.2 Where an application fee has been paid in accordance with clause (b) of subsection 1.8.1:

- (a) the **applicant** is not required to pay a separate zoning amendment fee under the provisions of clause (b) of subsection 1.2.1; and
- (b) the application fee includes the costs associated with conducting a neighbourhood survey.

1.9 Reviews of Applications for Liquor-Related Permits

1.9.1 Every **applicant** seeking approval from the **City** in connection with:

- (a) a licence to serve liquor under the *Liquor Control and Licensing Act and Regulations*; or
- (b) any of the following in relation to an existing licence to serve liquor:
 - (i) addition of a patio;
 - (ii) relocation of a licence;
 - (iii) change of hours; or
 - (iv) patron participation

must proceed in accordance with subsection 1.9.2.

1.9.2 Pursuant to an application under subsection 1.9.1, every **applicant** must:

- (a) pay an application fee of \$510;
- (b) post and maintain on the subject property a clearly visible sign which indicates the intent of the application; and
- (c) publish a notice in at least three consecutive editions of a newspaper that is distributed at least weekly in the area affected by the application.

1.9.3 The sign specified in clause (b) of subsection 1.9.2 must:

- (a) be at least 1.2 metres by 2.4 metres in size;

- (b) contain block lettering that is at least 5 cm high on a background of contrasting colour;
- (c) be located in a location which has been approved by the **City**;
- (d) be posted for at least 30 days following the first publication of the notice in the newspaper under clause (c) of subsection 1.9.2;
- (e) specify an expiry date for receipt of public input which is at least 30 days after:
 - (i) the date the sign is posted on the property; or
 - (ii) the date the notice is published in the newspaper,whichever is later; and
- (f) be in the form set out in Schedule A which is attached and forms a part of this bylaw.

1.9.4 The notice specified in clause (c) of subsection 1.9.2 must:

- (a) be at least 12 cm wide and 15 cm long in size;
- (b) specify an expiry date for receipt of public input which is at least 30 days after:
 - (i) the date the sign is posted on the property; or
 - (ii) the date the notice is published in the newspaper,whichever is later; and
- (c) be in the form set out in Schedule A.

1.10 Subdivision and Consolidation of Property

- 1.10.1 Every **applicant** for the subdivision of property which does not include an air space subdivision or the consolidation of property, must pay an application fee of \$765 for the first new parcel created, plus \$105 for the second and each additional parcel created.
- 1.10.2 Where an **applicant** requests an extension of a preliminary approval for the subdivision of property, an additional fee of \$255 must be paid.
- 1.10.3 Where a road closure or road exchange is required as the result of the subdivision of property, a fee of \$765 must be paid in addition to the application fee specified in subsection 1.10.1.
- 1.10.4 Every **applicant** for an air space subdivision must pay an application fee of \$2,040 plus \$125 for each air space parcel created.
- 1.10.5 Every **applicant** for the consolidation of property, where no further subdivision of such property is undertaken, must pay an application fee of \$100.

1.11 Strata Title Conversion of Existing Buildings

1.11.1 Every **applicant** for a Strata Title Conversion of an existing building must pay an application fee of:

- (a) \$2,040 for a **two-family dwelling**; and
- (b) \$3,060 for **multi-family dwellings**, and commercial and industrial buildings.

1.12 Phased Strata Title Subdivision Applications

1.12.1 Every **applicant** for a phased strata title subdivision must pay an application fee of \$510.

1.13 Servicing Agreements for Off-site Engineering Works & Services

1.13.1 Every **applicant** for a servicing agreement for off-site engineering works and services must pay a processing fee of \$1,020 plus an inspection fee of 4% of the estimated value of the approved off-site works and services.

1.13.2 Notwithstanding the provisions of subsection 1.13.1, where the inspection fee specified in subsection 1.13.1 exceeds an amount of \$2,000, the processing fee of \$1,020 specified in that subsection will be applied as a credit towards any amount over \$2,000.

1.14 Civic Address Changes

1.14.1 Every **applicant** for a civic address change must pay an application fee of:

- (a) \$255 where the civic address changes because of the subdivision or consolidation of property; and
- (b) \$1,020 where the civic address change is as a result of a personal preference on the part of the **applicant**.

PART TWO: INTERPRETATION

2.1 In this bylaw, unless the context otherwise requires:

APPLICANT	means a person who is an owner of the property which is the subject of an application, or a person acting with the written consent of the owner.
CITY	means the City of Richmond.
COUNCIL	means the Council of the City .
DEVELOPMENT PERMIT	means a Development Permit authorized under Section 920 of the <i>Local Government Act</i> .

DEVELOPMENT VARIANCE PERMIT	means a Development Variance Permit authorized under Section 922 of the <i>Local Government Act</i> .
MULTI-FAMILY DWELLING	means a detached, multi-floor building containing three or more residential dwelling units;
OFFICIAL COMMUNITY PLAN	means the current Official Community Plan of the City .
PUBLIC HEARING	means a Regular Council meeting for public hearings specified under Section 1.2 of the Council Procedure Bylaw .
TEMPORARY USE PERMIT	means a temporary commercial or industrial use permit authorized under Section 921 of the <i>Local Government Act</i> .
TWO-FAMILY DWELLING	means a detached building used exclusively for residential purposes containing two dwelling units only, which building is not readily convertible into additional dwelling units and the plans for which have been filed with the Building inspector showing all areas of the building finished, the design of the building conforming to one of the following classifications: (a) Each dwelling unit consisting of one storey only, not set upon another storey or upon a basement; or (b) Each dwelling unit consisting of two storeys only, the upper storey not containing a kitchen; not set upon another storey or upon a basement; or (c) Each dwelling unit consisting of a split level arrangement of two storeys only, the upper storey not containing a kitchen; not set upon another storey or upon a basement.
ZONING AND DEVELOPMENT BYLAW	means the current Zoning and Development Bylaw of the City .

PART THREE: PREVIOUS BYLAW REPEAL

- 3.1 Development Application Fees Bylaw No. 7276, as amended (originally adopted by **Council** on June 24, 2002) is repealed.

PART FOUR: SEVERABILITY AND CITATION

- 4.1 If any part, section, sub-section, clause, or sub-clause of this bylaw is, for any reason, held to be invalid by the decision of a Court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.
- 4.2 This bylaw is cited as “**Development Application Fees Bylaw No. 7984**”, and comes into force and effect on January 1, 2006.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept <i>al</i>
APPROVED for legality by Solicitor or Director <i>HP</i>

MAYOR

CITY CLERK

SCHEDULE A to BYLAW 7984

**[NEW LIQUOR LICENCE APPLICATION] OR
[LIQUOR LICENCE AMENDMENT APPLICATION]**

Notice of Intent

Under the Liquor Control and Licensing Act

An application has been received by the Liquor Control and Licensing Branch, Victoria B.C. and by the City of Richmond from:

_____ *[Company name]* operating the
_____ *[Name of Establishment]* at
_____ *[Address of Establishment]*, Richmond, BC

The intent of the application is to _____

Residents, property owners and business owners may comment on this proposal by writing to:

THE CITY OF RICHMOND
PERMITS SECTION
LIQUOR LICENCE APPLICATIONS
6911 NO. 3 RD
RICHMOND, BC, V6Y 2C1

To ensure the consideration of your views, your letter must be received on or before *[expiry date]*. Your name and address must be included on your letter.

Please note that your comments may be made available to the **applicant** where disclosure is necessary to administer the licensing process.