



Hearing	
To Public Hearing	
Date:	March 20
Item #	6
Re:	Bylaw 879

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March 20, 2006

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

Schedule 25 to the minutes of the Public
Hearing Meeting held on Monday,
March 20th, 2006

Dear Mayor and Council:

Re: West Cambie Area DCCs and Other Charges

The Urban Development Institute (UDI) and its members have built a strong partnership with the City of Richmond. We are true partners in community building and this has resulted in substantial investment, jobs and economic development for your Community, as well as a half a billion dollars in building permits being issued last year.

The development of the West Cambie Area Plan best exemplifies our partnership. We would like to note that City staff have been very diligent in their consultations with the public, landowners and the development industry. Key issues were discussed and debated (and in some cases resolved) early in the process. We would recommend that this approach be used in future Area Plans.

There is one issue, however, that we feel would have benefitted from earlier consultations with the industry and landowners – the matter of DCCs and other development related charges being proposed in the Area Plan.

The total proposed development charges are substantial – over \$13 per buildable square foot in local charges for a typical townhouse project. This adds a new cost of over \$350,000 per acre – and this is before City-wide DCCs (at \$250,000 per acre) and the developers' servicing costs are calculated. UDI has a major concern that these large fees will affect the viability of developing the area and future housing affordability. It should be noted that charges are far less in other Richmond areas.

Landowners may become less willing to sell their land at reduced prices resulting from high servicing costs, Local/City-wide DCCs and Amenity Charges. This will hinder the reclamation of the area. In addition, no development can proceed unless there are a minimum number of projects necessary to raise enough funds to allow completion of the backbone of the new infrastructure.

In their March 16, 2006 memorandum to Council, staff note several proposals to mitigate the impact of the charges that were discussed with developers on March 9, 2006 – reducing the City-wide DCCs, increasing the municipal assist factor, density bonusing and transferring the \$22,318,398 natural area park from a Local Area DCC to a City-wide one. UDI agrees that these strategies should be further

explored and reviewed. We also have other suggestions. They are as follows:

Reduce the Affordable Housing Amenity Charge - One of the larger cost items is the amenity charge for affordable housing. We feel this \$16 million charge should be reviewed. It is important that such a new policy with its attendant large cost impact, be given a significant grace period for introduction. We would add that historically, in other municipalities, Amenity Levies have been relatively small on a per unit basis. In the February 9, 2006 staff report, it is stated that "No other GVRD municipality has a stand-alone affordable housing contribution fee." An affordable housing programme should not be dealt with by such an approach. It deserves a completely separate policy report and implementation policy.

It should also be noted that a large portion of the housing in the Alexandra area will be wood frame four-floor apartment buildings (traditionally the most affordable product in Richmond) and as noted in the staff report, the area is impacted by the City's Aircraft Noise Sensitive Development Policy. As a result of the above, the housing units in the area will be more affordable than concrete high-rise apartments in other parts of the City. UDI is concerned that adding this charge for affordable housing will be counter-productive as the provision of the least expensive apartment housing may be delayed.

Fund the Natural Area more Equitably - As noted above there is a \$22 million local area DCC for acquiring an environmentally sensitive/natural park area on the Southeast portion of the Alexandra neighbourhood. The ecological benefits of this area seem to be City-wide in scope and it is next to a mixed-use (retail, office, hotel) area described in the draft West Cambie Area Plan as "... a very important gateway to Richmond's City Centre and will become a new Richmond Landmark." According to staff, it has not been the usual practice for the City to include these types of park areas in Local Area DCCs, and it is against the principles of the *DCC Best Practices Guide* to charge one area of the City for an amenity that benefits the whole of the City.

Beyond this, the benefits to existing development need to be accounted as well. The City should fund a significant portion of the park area from other municipal revenue sources. Currently the assist factor is the minimum required - 1%, and there is no benefit attributed to existing development. More costs should be attributed to existing development for other Alexandra parks (in the City-wide DCC program) as well.

Attribute more Benefits to Existing Development - Besides increasing its assist factor for infrastructure items like external sewer and water upgrades, the City should also review how much benefit is attributed to existing development. UDI feels that Richmond, as a whole, is going to benefit from newly updated infrastructure as a result of the West Cambie development, so more of the cost should be attributed to existing development.

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On a related note, staff have indicated that at the Public Open House for the West Cambie Area Plan and the March 9, 2006 meeting with developers with interests in the West Cambie area, there was agreement that the dedication of land and the construction of the North/South roads in the neighbourhood should be compensated back through local area DCCs. As a result of this, UDI would not oppose the proposal. We understand that this will increase the local area DCCs by approximately \$4 per buildable square foot, but this will be directly offset because developers would eventually receive compensation for the North/South roads. As an alternative, the City could also look at providing bonusing to properties along the North/South roads to offset the lost development capacity and additional costs for building the roadways. Obviously, discussions would be needed between City staff and the industry.

UDI would like to thank the City for involving the industry in developing the West Cambie Area Plan. We are very supportive of the Area Plan, and feel this process should be replicated in other neighbourhoods in the future. We do feel, however, that more and earlier discussions around costs should occur as there are problems with the financing aspects of the Plan. UDI also suggests that Council look at ways to reduce some of the costs being imposed in the area. This would help ensure that the project and many of its more affordable units can proceed in a timely manner.

We look forward to working with Richmond on this and other Area Plans.

Yours truly,

Original signed by:
Maureen Enser
Executive Director