



City of Port Moody

Report/Recommendation to Council

Date: November 26, 2024
Submitted by: Engineering and Operations Department – Project Delivery Services Division
Subject: Development Cost Charges Inflationary Update, Bylaw No. 3478 – Three Readings

Purpose

To seek Council approval to update the current Development Cost Charges (DCC) rates by the Consumer Price Index as a minor update and to provide information on current market costs as they related to DCC rates

Recommended Resolution(s)

THAT City of Port Moody Development Cost Charges Bylaw, 2019, No. 3054 Amendment Bylaw No. 1, 2024, No. 3478 be read a first, second, and third time as recommended in the report dated November 26, 2024, from the Engineering and Operations Department – Project Delivery Services Division regarding Development Cost Charges Inflationary Update, Bylaw No. 3478 – Three Readings;

AND THAT staff be directed to submit Bylaw No. 3478 and this report to the Ministry of Municipal Affairs and Housing for review and approval;

AND THAT a tentative implementation date for Bylaw No. 3478 be set at January 1, 2025.

Background

City of Port Moody's current Development Cost Charges Bylaw, 2019, No. 3054 was adopted and went into effect in January 2020. Development Cost Charges (DCCs) are collected to fund upgrades to municipal infrastructure where required due to development and growth. The DCCs adopted in 2019 have not been adjusted for inflationary increases since its adoption and, as such, they do not reflect current construction costs.

Given the inflated costs associated with construction, if DCCs are not updated, the projects associated with the current DCC bylaw will require a longer collection period to implement or they will require alternate funding sources to bridge the shortfall in the developer funded portion of the DCCs.

The Province's DCC Best Practices Guide (2006) recommends periodic reviews and minor updates of the DCCs to account for inflation.

Discussion

Inflationary Update

Given current market and construction conditions over the past several years, staff propose to update the DCC rates by the annual average CPI for Vancouver for 2023 (the most recent annual average published by BC Stats). This will increase the current total rates for the current and future years by a flat rate of 4.3% as shown in Attachment 3. The updated DCC rates are shown in Table 1. Staff propose that the amended rates be effective immediately after approval of bylaw by the Inspector of Municipalities.

It is important to note that major updates to DCC rates are required to be reviewed by the Inspector of Municipalities and consultation with the development community. However, minor updates can be completed without these conditions. Therefore, this interim increase will place a minor financial burden on the development projects until a major update can be made to the DCC bylaw. Staff plan to initiate this major DCC update in late 2024 with consultation with the development community to commence in 2025.

Table 1: Updated Development Cost Charges based on annual average CPI (2023)

Land Use	Measure	Water	Sanitary Sewer	Drainage	Roads	Parks	Total
Laneway Houses	Dwelling unit	\$0	\$14.78	\$ 592.42	\$ 942.87	\$9,182.57	\$10,732.65
Single Detached Residential or Duplex, whether or not including Secondary Suites	Dwelling unit	\$0	\$ 56.78	\$3,049.73	\$ 3,627.55	\$28,158.91	\$34,892.98
Multi-Residential Townhouses	Square metre	\$0	\$ 0.21	\$ 6.04	\$ 7.25	\$ 136.49	\$149.98
Multi-Residential (Up to 6 stories)	Square metre	\$0	\$ 0.16	\$ 3.46	\$ 9.44	\$ 109.82	\$ 122.88
Multi-Residential TOD greater than 6 stories	Square metre	\$0	\$ 0.18	\$ 5.12	\$ 7.61	\$ 125.19	\$ 138.10
Commercial General/Institutional	Square metre	\$0	\$ 0.17	\$ 7.03	\$ 42.21	\$ -	\$ 49.41
Commercial TOD	Square metre	\$0	\$ 0.23	\$ 7.98	\$ 27.37	\$ -	\$ 35.58
Industrial	Square metre	\$0	\$ 0.26	\$ 31.22	\$ 11.13	\$ -	\$ 42.61

Transit Oriented Development Definition Update

A new bylaw defining transit-oriented areas (TOA) was adopted in June 2024 as required by Provincial legislation. An updated definition to align the DCC and TOA bylaw has been included in the draft bylaw.

In-stream Applications

In the event that the Development Cost Charges Bylaw is updated, in-stream applications are protected from increases for a period of one year subject to the criteria noted below. During that year, if the project is approved, DCCs will be collected as per the previous bylaw and rates. The definition of valid in-stream applications is as follows.

Subdivisions

For Single Family and Laneway Housing developments where DCCs are payable at subdivision, the Development Cost Charge rates in the previous bylaw may apply if a complete subdivision application was received before the date the new bylaw is adopted.

A complete application is:

- application form has been completed (submitted prior to date of new bylaw adoption)
- application fees have been paid in full (submitted prior to date of new bylaw adoption)
- all supporting documentation necessary to make the application complete has been submitted to the City (submitted prior to date of new bylaw adoption).

In addition, the Development Cost Charge rates in the previous bylaw may apply if all of the following conditions are met within a year of the date the new bylaw is adopted:

- the required zoning bylaw has been adopted
- all conditions prior to the approval of the subdivision established by the Approving Officer have been completed (including without limitation, any required servicing agreements have been fully executed and any required statutory rights of way, Section 219 covenants, access easements, road dedications and lot consolidations are fully registered in the Land Title Office)

Building Permits

For Multi-family, Institutional, Commercial and Industrial developments where DCC is payable at the issuance of building permit, the Development Cost Charge rates in the previous bylaw may apply if a complete precursors application (one of building permit application, development permit application, rezoning application or subdivision application) leading to the building permit issuance was received before the adoption of the new bylaw. A complete application is:

- precursor application form has been completed
- precursor application fees have been paid in full

- all supporting documentation necessary to make the precursor application complete has been submitted to the City.

In addition to the above requirements, all of the following conditions which apply to the precursor application must also be met within a year of the date the new bylaw is adopted:

- the required zoning bylaw has been adopted
- required development permit(s) have been issued
- all required letters of assurance have been submitted
- all required signed and sealed drawings have been submitted
- all equivalency or alternate solution reports have been signed, sealed and delivered and accepted by the Senior Manager of Building Approvals
- any required geotechnical reports, Section 219 covenants, letters of credit and proof of delivery of notice to potentially affected adjacent landowners have been completed and submitted
- any required legal agreements are completed and executed and, if applicable, fully registered in the Land Title Office
- all fees, Development Cost Charges and levies have been paid or secured,

all to the satisfaction of the Senior Manager of Building Approvals, such that the building permit can be processed and issued without further submission from the applicant.

Other Option(s)

THAT the report dated November 26, 2024, from the Engineering and Operations Department – Project Delivery Division regarding Development Cost Charges Inflationary Update be received for information.

Financial Implications

An up-to-date DCC Bylaw has significant financial benefits by enabling the City to collect a fair share of the cost of new infrastructure from new developments. If DCCs are not adjusted for inflation, adequate funding will not be available to complete DCC project which will result in longer timelines for project completion and/or alternate funding sources to make up the shortfall.

DCC projects are intended to accommodate growth, therefore, it is imperative that the City keep up with the rate of development in order to ensure that the municipal infrastructure and facilities that it offers are adequately providing services to added populations.

Communications and Public Engagement Initiatives

Once approved the new rates will be updated on the City's website, and information provided on the impact to in-stream applications. No further communications or engagement initiatives are required as a result of this minor update.

Council Strategic Plan Goals

The recommendations in this report align with the following Council Strategic Plan Goal(s):

- Strategic Goal 1.2 – Sustainable Core Services, Ensure Financial Sustainability.

Attachment(s)

1. Draft City of Port Moody Development Cost Charges Bylaw, 2019, No. 3054, Amendment Bylaw No. 1, 2024, No. 3478.
2. Development Cost Charges Bylaw, 2019, No. 3054.
3. CPI Annual Averages Report.

Report Author

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Report Approval Details

Document Title:	Development Cost Charges Inflationary Update.docx
Attachments:	- Attachment 1 - Draft City of Port Moody Development Cost Charges Bylaw, 2019, No. 3054, Amendment Bylaw No. 1, 2024, No. 3478.pdf - Attachment 2 - Development Cost Charges Bylaw, 2019, No. 3054.pdf - Attachment 3 - CPI Annual Averages Report.pdf
Final Approval Date:	Nov 18, 2024

This report and all of its attachments were approved and signed as outlined below:

Kim Law, Manager of Project Delivery Services - Nov 13, 2024

Jeff Moi, General Manager of Engineering and Operations - Nov 13, 2024

Stephanie Lam, City Clerk and Manager of Legislative Services - Nov 15, 2024

Natasha Vander Wal, Communications Specialist, for Lindsay Todd, Manager of Communications and Engagement - Nov 15, 2024

Paul Rockwood, General Manager of Finance and Technology - Nov 17, 2024

Anna Mathewson, City Manager - Nov 18, 2024