



# City of Port Moody

## Report/Recommendation to Council

Date: October 23, 2019  
Submitted by: Engineering and Operations Department – Project Delivery Services Division  
Subject: Proposed Development Cost Charges Reduction Bylaw

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### Purpose

To present a new Development Cost Charges (DCC) Reduction Bylaw for consideration of first, second, and third readings.

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### Recommended Resolution(s)

**THAT City of Port Moody Development Cost Charges Reduction Bylaw, 2019, No. 3212 be read a first time as recommended in the report dated October 23, 2019 from the Engineering and Operations Department – Project Delivery Services Division.**

**THAT Bylaw No. 3212 be read a second time.**

**THAT Bylaw No. 3212 be read a third time.**

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### Background

The update to the City's Development Cost Charges (DCC) Bylaw, No. 3054 was given third reading by Council on July 23, 2019. Consequently, the Bylaw and associated background report was submitted to the Province for approval in August 2019, prior to the Bylaw being brought for adoption in late 2019.

The updated DCC rates are based on capital projects required to support a 10-year growth projection according to the 2014 Official Community Plan (OCP), including two of its amendments (Coronation Park and Moody Centre TOD), and involves the following:

- updates to the growth projections; and
- updates to the eligible list of capital projects and costs;

The DCC program includes \$43.5 million in capital projects for sanitary sewer, drainage, roads, parkland acquisition, and parkland improvements. As part of the proposed DCC Bylaw process, consultation was held via an information session with Urban Development Institute (UDI), Greater Vancouver Home Builders' Association (GVHBA), frequent developers in the Port Moody Area, and instream applicants, including any small lot developers and the general public.

Staff presented waiver and reduction options to Council on May 28, 2019 and the following resolutions were passed:

RC19/248

THAT for purposes of public consultation, DCC reduction rates for the following categories be set tentatively as follows:

- Not-For-Profit Rental Housing, including supportive living housing: 50%; and
- For-Profit Affordable Rental Housing: 25%.

On this basis, staff have prepared draft City of Port Moody Development Cost Charges Reduction Bylaw, 2019, No. 3212. It should be noted that a DCC reduction bylaw, unlike a DCC bylaw, does not require Provincial approval.

## Discussion

Per the *Local Government Act*, all development within the geographic area covered by a Development Cost Charges Bylaw is liable for the charge unless exempted by statute. Such exemptions include places of worship, development that does not impose a new capital cost burden, and development in which a development cost charge has previously been paid. Local governments may also choose to waive or reduce charges for certain types of development allowable under the *Act*, including not-for-profit rental housing, supportive living housing, and for-profit affordable rental housing.

Municipalities have the discretion to either fully waive or reduce rates under the following categories:

- (1) not-for-profit rental housing, including supportive living housing;
- (2) for-profit affordable rental housing;
- (3) subdivision of small lots that is designed to result in low greenhouse gas emissions; and
- (4) development that is designed to result in a low environmental impact.

When the criteria for the waiver or reduction, as determined by the City, has been met and the application approved by the City, the DCC charges would be reduced at the Subdivision or Building Permit stage, depending on the type of development.

It is important to note that any waivers, reductions, or subsidies of DCCs will require the City to shoulder the burden of these reduced charges. The resulting costs of reductions are in addition to the \$9.1 million that the City must fund as part of its contribution to the \$43.5 million DCC capital projects program as proposed. Funding would need to be provided through other non-DCC sources such as general taxation, Community Amenity Contributions (CACs), and Density Bonus Programs.

Per the Council resolution approved on May 28, 2019, staff have incorporated the following reductions of DCCs into the proposed Development Cost Charges Reduction Bylaw:

- (1) Not-For-Profit Rental Housing, including supportive living housing: 50%; and
- (2) For-Profit Affordable Rental Housing: 25%.

The reduction options above have been numbered for reference in the following sections.

(1) Not-For-Profit rental housing, including supportive living housing

The *Local Government Act* allows municipalities to either fully waive or reduce Development Cost Charges for Not-For-Profit rental housing, including supportive living housing under certain criteria.

To be eligible for a 50% reduction as approved by Council under the above clause, staff propose that developments be required to meet the following criteria:

- (a) owned and held by BC Housing, Canada Mortgage Housing Corporation (CMHC), a Municipal Housing Corporation, or a registered charity;
- (b) operated as rental housing for persons who meet criteria established by the organization owning or holding the property for occupying a Dwelling Unit within the Development; and
- (c) governed by a Housing Agreement or a covenant registered on title or both with BC Housing, CMHC, or the City.

As the criteria is clearly set above, staff administration of developments which qualify under this clause would be minimal. However, it should be noted that a moderate amount of staff time would still be required to administer this reduction during the development process as it would require covenants and agreements to be prepared and filed with the Land Titles Office.

(2) For-Profit Affordable Rental Housing

The *Local Government Act* allows municipalities to either fully waive or reduce DCCs for For-Profit Affordable Rental Housing, the criteria for which can be set and maintained at the municipalities' discretion. Providing a DCC waiver or reduction for the above category allows municipalities to provide an incentive to developers to develop housing that is for rent and at below market value.

To be eligible for a 25% reduction as approved by Council under the above clause, staff propose that developments be required to meet the following criteria:

- (a) governed by a Housing Agreement or a covenant registered on title or both with BC Housing, CMHC, or the City; and
- (b) the rental rate not be more than 85 percent of the current median market rent levels established by CMHC for the City or region.

Staff time to administer medium-density and high-density developments which qualify under this clause would be minimal. However, it should be noted that a moderate amount of staff time would still be required to administer this reduction during the development process as it would require covenants and agreements to be prepared and filed with the Land Titles Office.

## Other Option(s)

1. THAT City of Port Moody Development Cost Charges Reduction Bylaw, 2019, No. 3212 be amended to set rental rates for For-Profit-Affordable-Rental-Housing by Council at a rate higher or lower than the recommended 85% of the current median market rent levels established by the CMHC.
2. THAT incentives for affordable housing units be pursued through other mechanisms such as CAC or Bonus Density contribution reductions or waivers, or grants in aid from the Affordable Housing Reserve Fund.

## Financial Implications

It should also be noted that any waiver or reductions approved will result in an increase in the City's share of the cost of DCC capital projects. The waived or reduced amounts cannot be redistributed to other land-use categories and the increased City share in cost of the DCC projects must be paid by City funding sources.

Staff have researched what other municipalities across the region have adopted for DCC waivers and reductions and found that most major municipalities in the Lower Mainland have opted to not provide any waivers or reductions other than those shown in Table 1.

Table 1: Summary of waivers and reductions in the region

Waiver or Reduction Category	Municipality or District	Waiver or Reduction Percentage
Not-For-Profit rental housing including supportive living housing	Metro Vancouver Regional District	100% waiver
	City of Penticton	100% waiver
	City of Chilliwack	100% waiver
	City of Nanaimo	50% reduction
	Town of Ladysmith	50% reduction
	District of Central Saanich	30% reduction
	District of West Vancouver	Case-by-case basis
For-Profit affordable rental housing	City of Vancouver	100% waiver
	District of Central Saanich	30% reduction
Subdivisions of small lots that is designed to result in low greenhouse gas emissions	District of Central Saanich	30% reduction
Developments that is designed to result in low environmental impact	City of Penticton	50% reduction

An estimate of potential loss of revenue due to the waivers at the staff recommended amounts can be found in Table 2.

Table 2: Summary of estimated loss of revenue due to DCC reductions over 10 years

Reduction Category	Reduction Percentage	Estimated number of units Reduction	Potential loss of revenue through Reduction
Not-for-profit rental housing	50%	66	\$406,362
For-Profit affordable rental housing	25%	132	\$406,362
Total Potential Revenue Loss			\$812,724

It should be noted that amounts in Table 2 are only to give order of magnitude costs as the estimates are based on limited information and basic projections.

## Communications and Civic Engagement Initiatives

Information about approved DCC reduction rates will be made available on the City's website.

## Council Strategic Plan Objectives

The proposed draft Bylaw aligns with the following Council 2019-2022 Strategic Plan pillars: Economic Prosperity, specifically to foster an environment where businesses can thrive and good local jobs abound, and ensure Port Moody's economy and the City's financial position are sustainable; and Healthy City, specifically to plan for a variety of housing types to meet community needs.

## Attachment(s)

1. Draft City of Port Moody Development Cost Charges Reduction Bylaw, 2019, No. 3212.

## Report Author

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## Report Approval Details

Document Title:	DCC Waiver Bylaw.docx
Attachments:	- Development_Cost_Charge_Reduction_Bylaw__2019.docx
Final Approval Date:	Nov 5, 2019

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

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