



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

Purpose

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

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.

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.

Considered at the Regular Council Meeting Held on November 12, 2019

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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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Project Engineer

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:

André Boel
General Manager of Planning and Development

Rosemary Lodge
Manager of Communications and Engagement

Paul Rockwood
General Manager of Finance and Technology

Stephen Judd
Acting General Manager of Engineering and Operations

Tracey Takahashi
Deputy Corporate Officer

Tim Savoie
City Manager



City of Port Moody

Bylaw No. 3212

A Bylaw to allow for reductions in Development Cost Charges for eligible developments.

WHEREAS Council is authorized under section 563 of the *Local Government Act* to reduce a development cost charge for an eligible development;

NOW THEREFORE the Council of the City of Port Moody, in open meeting assembled, enacts as follows:

1. Citation

- 1.1 This Bylaw may be cited as “City of Port Moody Development Cost Charges Reduction Bylaw, 2019, No. 3212”.

2. Definitions

- 2.1 In this Bylaw,

Affordable Rental Housing means Residential housing within a Development that is available for occupancy solely on a rental basis at a rental rate established under a Housing Agreement;

BC Housing means the British Columbia Housing Management Commission;

City means the City of Port Moody;

CMHC means Canada Mortgage and Housing Corporation;

Development has the same meaning as in the *Development Cost Charges Bylaw*;

Development Cost Charges Bylaw means the *City of Port Moody Development Cost Charges Bylaw 3054, 2019*;

Dwelling Unit means an apartment dwelling unit within a Multi-Residential building that is not a Secondary Suite, Townhouse, or Laneway House;

Eligible Development means a Development for Residential use containing one or more Dwelling Units to be occupied as For-Profit Affordable Rental Housing or Not-for-Profit Affordable Rental Housing or both, each such Dwelling Unit being subject to a Housing Agreement and a covenant registered in the Land Title Office under section 219 of the *Land Title Act* that guarantees the affordable use of the Dwelling Unit for a period set out in the Housing Agreement or covenant;

For-Profit-Affordable-Rental Housing means a rental occupancy for a Dwelling Unit that is established and governed by a Housing Agreement, the rental rate not being more than 85 percent of the current median market rent levels established by CMHC for the City or region as of the date of the first reading of a bylaw authorizing the Housing Agreement that applies to the Dwelling Unit;

Group Home means staffed residential housing for those with a level of disability that requires continual support to complete daily tasks of living;

Housing Agreement means a housing agreement pursuant to a Bylaw adopted under section 483 of the *Local Government Act*, or an agreement for the provision of Affordable Rental Housing with BC Housing or CMHC;

Not for Profit Affordable Rental Housing means a Residential Development or Supporting Living Housing that is:

- (a) owned or held by BC Housing, 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

but does not include a facility under the *Community Care and Assisted Living Act*, the *Continuing Care Act*, *Hospital Act*, *Mental Health Act*, or a housing-based health facility that provides hospitality support services and personal health care;

Municipal Housing Corporation means a corporation incorporated under section 185 of the *Community Charter* or section 265 of the *Local Government Act*, for the purpose of providing Affordable Rental Housing;

Qualified Tenant means (a) Residential tenant(s) whose maximum gross household income is within the current housing income limit (HIL) established and published by BC Housing for occupancy in the corresponding size of housing unit, or who meet(s) similar income eligibility criteria established by CMHC for occupation of affordable rental housing within the Greater Vancouver area;

Registered Charity means an incorporated non-profit society or organization that is registered with Revenue Canada as a charitable organization or foundation under the *Income Tax Act* (Canada);

Residential has the same meaning as in the *Development Cost Charges Bylaw*;

Supportive Living Housing means housing, other than a Group Home, that integrates Dwelling Units for persons who were previously homeless or who are at risk of homelessness, with onsite support services available and where occupancy is not restricted to a maximum of 90 days;

Zoning Bylaw means the *City of Port Moody Zoning Bylaw, 2018, No. 2937*.

- 2.2 Except as otherwise defined herein, words and phrases in this Bylaw have the same meanings as in the *Development Cost Charges Bylaw*, the *Zoning Bylaw*, the *Community Charter* and the *Local Government Act*, as the context and circumstances require. A reference to a statute in this Bylaw refers to a statute of British Columbia except as otherwise indicated, and a reference to any statute, regulation, bylaw, or other enactment refers to that enactment as it may be amended or replaced from time to time.

3. DCC Reduction for Eligible Development

- 3.1 Despite section 4 of the *Development Cost Charges Bylaw*, but subject to this Bylaw, development cost charges that would otherwise be payable in respect of a Residential use Development are reduced for an Eligible Development as follows:
- a) a reduction by 50 percent for BC Housing, CMHC, a Municipal Housing Corporation, or a Registered Charity as the registered owner of the property in respect of:
 - i) only those Dwelling Units that are to be occupied by Qualified Tenants as Not-for-Profit Affordable Housing; and
 - b) a reduction by 25 percent for a Multi-Residential Development in respect of:
 - i) only those Dwelling Units that are to be occupied by Qualified Tenants as For-Profit Affordable Rental Housing.
- 3.2 No reduction pursuant to section 3.1 is granted unless the registered owner of the property that otherwise would be subject to development cost charges has submitted an application in writing to the General Manager of Planning and Development, and the application approved by that officer as meeting the criteria under this Bylaw for a reduction of development cost charges in respect of the Development.
- 3.3 If, from the date an occupancy permit is granted to the owner of a Development, a Dwelling Unit within the Development ceases to meet the criteria for For-Profit Affordable Rental Housing or Not-For-Profit Affordable Rental Housing, as applicable, or fails to abide by all of the terms, restrictions, conditions, and requirements set out in a Housing Agreement during the time period applicable to that Dwelling Unit, the full amount of development cost charges that would have been payable for that unit on the date the charges were payable had the reduction not applied shall immediately become due and owing to the City by the owner of the Dwelling Unit.

4. Effective Date

- 4.1 This Bylaw will come into force on the day of its adoption.

5. Severability

- 5.1 If a portion of this Bylaw is found invalid by a court, it will be severed and the remainder of the Bylaw will remain in effect.

Read a first time this ___ day of _____, 2019.

Read a second time this ___ day of _____, 2019.

Read a third time this ___ day of _____, 2019.

Adopted this ___ day of _____, 2020.

Mayor

D. Shermer
Corporate Officer

I hereby certify that the above is a true copy of Bylaw No. 3212 of the City of Port Moody.

D. Shermer
Corporate Officer