



**Homebuilders
Association
Vancouver**

White Paper

Development Cost Charges A Metro Vancouver Perspective

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Purpose of this Report

The Homebuilders Association of Vancouver (HAVAN) has collected information related to the implementation of Development Cost Charges (DCCs) across the Metro Vancouver regional district. This information is provided to bring awareness of how DCCs vary across the region and to highlight concerns of our members.

Background Information

Many municipalities across the province face significant development pressure, which requires the expansion of existing or the installation of new infrastructure systems, to support new development and its demand on utilities and services. However, the costs associated with these infrastructure requirements create significant public sector burdens. Increasingly all governments are facing significant constraints in the use of general purpose taxation and have placed greater emphasis on the “user pay”, or “benefiter pay”, principle. In response to these pressures, DCCs have been utilized by local governments as a cost recovery mechanism for apportioning infrastructure project costs amongst land developers. DCCs are paid by applicants for subdivision approval to create single family lots and building permits to construct multi-family, commercial, industrial and institutional development. For the purposes of this report, we will focus on residential development only.

Enacted by the Provincial Government, through the *Local Government Act* in 1958, Development Cost Charges (DCCs) are monies that are collected from land developers by a municipality, to offset some of the infrastructure expenditures incurred, to service the needs of new development and fairly distribute grown related costs across development. Imposed by bylaw pursuant to the *Local Government Act*, the charges are intended to facilitate development by providing a method to finance capital projects related to:

- **Roads:** New or widening of existing arterial roads and bridges, traffic signalization improvements, sidewalks, bicycle lanes, transit-related infrastructure and traffic safety projects
- **Drainage:** Water quality ponds, new and upgraded culverts, new storm pump stations, stream erosion control work and storm sewer upgrades
- **Sewers:** New trunk sewer mains, new and upgrades to sanitary sewers and sanitary pump stations

- **Water:** New and upgraded water mains, new water pump stations and new reservoirs
- **Parkland Acquisition:** Acquisition of lands for the purpose of development new community parks, city parks, linear parks, trails and greenways
- **Parkland Improvement Projects:** Development of new parks or improvements to existing parks, including fields, drainage and irrigation, turf conversion

DCCs allow monies to be pooled from many developers so that funds can be raised to construct the necessary services in an equitable manner. Simply, the municipality is the co-ordinator of the capital program and administrator of the funds collected to pay for new or expanded infrastructure necessary to adequately service the demands of new development.

Development of DCCs must be consistent with community plans, land use plans, and corporate financial and capital infrastructure strategies and must be endorsed through the bylaw process, which includes approval by the Provincial Government's Inspector of Municipalities.

Due to differing infrastructure needs across local governments and the timeline on which they base those needs, trying to compare one municipality against another is likened to comparing apples to oranges. Having said that here are some examples from across the lower mainland.

CURRENT DCC RATES

	Single Family Home (4,000 sq. ft)	Townhomes (40 units/ 60,000 sq. ft.)	Six-Storey (65 units/ 50,000 sq. ft)	Increase Over Previous Fee
Langley Township	\$48,355	\$1,308,198 (\$32,705 per unit)	\$1,732,067 (\$26,647 per unit)	2012 to 2020 78% - SF 79% - TH 79% - 6 Storey
Vancouver	\$29,611	\$956,664 (\$23,917 per unit)	\$1,595,697 (\$24,549 per unit)	2021 to 2022 12.8% - SF 12.56% - TH 12.51% - 6 Storey
Coquitlam	\$60,422	\$1,432,280 (\$35,807 per unit)	\$1,475,110 (\$22,694 per unit)	2019 to 2022 37.4% - SF 113% - TH 74% - 6 Storey
North Vancouver City	\$14,749	\$346,544 (\$8,664 per unit)	\$288,789 (\$4,443 per unit)	1997 to 2016 15% - SF 26% TH 26% - 6 Storey

Development Cost Charges

In addition to DCCs, the Local Government Act allows for municipalities to charge for Community Amenity Contributions (CACs) which are cash or in-kind donations negotiated by a developer and the local government as part of a rezoning process. These contributions are used for the provision of infrastructure and amenities

association with growth that are not included as part of DCC's , for example, a new library or recreation facilities. It is important to note while the CACs are the result of a negotiated process, a local government does not have legal authority to require applicants for rezoning to pay CACs.

HAVAN members have consistently voiced concerns about the CAC process, or lack thereof, which has resulted in a diverse, yet inconsistent and uneven approach to the use of CACs. Generally, CACs are being applied to a broad variety of other funding demands from a mechanism which was established to be a quick quid pro quo between a local government and a developer.

https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/governance-powers/community_amenity_contributions_guide_short.pdf

Additional development cost charges are identified by Metro Vancouver Regional District, Translink and School Districts. These are paid through the local government through the annual property tax billing and distributed back to these agencies as appropriate.

TRANSLINK

In 2018, the provincial government enabled legislation to allow for Translink to prepare two DCC-related bylaws (a DCC Rate Bylaw and an Affordable Housing DCC Waiver Bylaw) to cover the significant capital investment required for transportation infrastructure. The bylaws were finalized in late 2018 and came into effect January

Type of Development	Rates Effective January 15, 2019	Rates Effective January 15, 2020	Rates Effective January 15, 2021
Single Family Dwelling	\$0 per unit	\$2,100 per unit	\$2,975 per unit
Duplex	\$0 per unit	\$1,900 per unit	\$2,470 per unit
Townhouse	\$0 per unit	\$1,900 per unit	\$2,470 per unit
Apartment	\$0 per unit	\$1,200 per unit	\$1,545 per unit

Rates subject to annual inflationary increases starting January 1, 2022
https://www.translink.ca/-/media/translink/documents/about-translink/taxes-and-charges/development-cost-charges/dcc_technical_report_aug_2018.pdf#view=fitH

METRO VANCOUVER WATER

In October 2022, Metro Vancouver Board of Directors approved a new regional Water Development Cost Charge for the purpose of raising funds to pay for population growth related infrastructure costs across the region. The proposed bylaw is awaiting provincial approval and is anticipated to be implemented in early 2023, with some provisions for in-stream applications.

Single Family Dwelling	\$6,692 per unit
Townhouse	\$5,796 per unit
Apartment	\$4,261 per unit

SEWERAGE

Metro Vancouver also has a Sewerage and Drainage Development Cost Charge that was enacted as of May 2018 and most recently updated for June 2022

Sewerage Area	Single Family Dwelling	Townhouse	Apartment
Fraser	\$6,254 per unit	\$5,390 per unit	\$4,269 per unit
Lulu Island West	\$3,313 per unit	\$2,576 per unit	\$2,042 per unit
North Shore	\$3,300 per unit	\$2,786 per unit	\$2,030 per unit
Vancouver	\$3,335 per unit	\$2,983 per unit	\$1,988 per unit

<http://www.metrovancouver.org/services/financial-services/development-cost-charges/Pages/default.aspx>

OVERALL IMPACT OF FEES ON OUR EXAMPLE LOCAL GOVERNMENTS

	Single Family Home	Townhomes (20 units)	Six-Storeys (65 units)
Langley Township	\$48,355 DCC \$2,975 Translink \$6,692 Metro Water \$6,254 Metro Sew/Drain \$64,276	\$32,705 per unit DCC \$2,470 Translink \$5,696 Metro Water \$5,390 Metro Sew/Drain \$46,261	\$26,647 per unit DCC \$1,545 Translink \$4,261 Metro Water \$4,269 Metro Sew/Drain \$36,722
Vancouver	\$29,611 DCC \$2,975 Translink \$6,692 Metro Water \$3,335 Metro Sew/Drain \$42,613	\$23,917 per unit DCC \$2,470 Translink \$5,696 Metro Water \$2,983 Metro Sew/Drain \$35,066	\$24,549 per unit DCC \$1,545 Translink \$4,261 Metro Water \$1,988 Metro Sew/Drain \$32,342
Coquitlam	\$60,422 DCC \$2,975 Translink \$6,692 Metro Water \$6,254 Metro Sew/Drain \$76,343	\$35,807 per unit DCC \$2,470 Translink \$5,696 Metro Water \$5,390 Metro Sew/Drain \$49,363	\$22,694 per unit DCC \$1,545 Translink \$4,261 Metro Water \$4,269 Metro Sew/Drain \$32,769
North Vancouver City	\$14,749 DCC \$2,975 Translink \$6,692 Metro Water \$3,300 Metro Sew/Drain \$27,716	\$8,664 per unit DCC \$2,470 Translink \$5,696 Metro Water \$2,786 Metro Sew/Drain \$19,616	\$4,443 per unit DCC \$1,545 Translink \$4,269 Metro Water \$2,030 Metro Sew/Drain \$12,287

We can see then the accumulation of fees and charges on a project and the financial impact on affordability of a new housing unit being built today. Depending in which municipality is levying the charges, the overall cost can be within a range of 20-30% of the overall building costs.

The Urban Development Institute (UDI), in their recent *Taxing Growth* report, analyzed taxes and fees on new housing development and highlights the harsh reality of what the real impacts are of accumulative and increased charges coming from local, regional, provincial and federal governments and how they affect the overall cost of a new housing coming to market. To quote: “in total, these taxes equate to 29% of the potential price” as highlighted in one of their examples.

<https://udi.bc.ca/taxing-growth/>

Development Cost Charge Exemptions

Through the *Local Government Act*, provisions for a local government exemption include:

- Development that contains fewer than four self-contained residential dwelling units
- Development of self-contained residential dwelling units in a building if each unit is no larger than 29 square metres (312.2 square feet)
- Building permit for work which does not exceed \$50,000
- Buildings that will be used for Non-for Profit Rental Housing (*check source)

By way of bylaw, a local government may choose to provide that a DCC is payable for developments containing fewer than four self-contained units, or establish an area greater than 29 square metres, or an amount greater than \$50,000 in which the DCCs will be applied.

The Act also allows municipalities and regional districts to choose to exempt certain types of development from charges through the adoption of a bylaw.

Through bylaw, exemptions could include:

- Places of worship
- Development that does not impose a new capital cost burden
- Development in which a development cost charge has previously been paid

<https://www2.gov.bc.ca/gov/content/governments/local-governments/finance/local-government-development-financing/development-cost-charges/development-cost-charge-exemptions>

Industry Perspective

HAVAN and the Urban Development Institute (UDI) and its memberships continue to participate at the local, regional and provincial government levels in providing feedback and recommendations in order to ensure a fair and equitable approach to the implementation of development cost charges across the Metro Vancouver Region.

And while we appreciate the opportunity to participate in dialogue sessions and make recommendations, we continue to strongly advocate for a stable and consistent regulatory framework for the way we look to future growth and how it is financed.

Those that are building the much-needed new homes across the region need certainty and clarity around the requirements that they will need to fulfill and the provincial government can ensure that certainty and consistency through a number of approaches, including, but not limited to:

- Consistent or prescribed approach to consultation processes around DCC increases and implementation
- DCC reviews and updates undertaken at a more regular or fixed schedules, similar to Housing Needs Assessment Reports and Official Community Plan processes
- Clearly outlined phased approach to DCC increases with clarity on in-stream applications and grace

periods, and mandatory phasing where significant increases are proposed

- Consideration of the impact on affordability of the accumulation of layers of fees and charges required for the building of new homes
- Use of exemptions/reductions for non-market housing applications
- Increase minimum assist factor levels for some DCC and CAC items
- Accountability and reporting out on use of DCCs

APPENDIX

Local Government Act, Section 559
Community Charter

Local Government Act, Part 14, Division 19, Development Costs Recovery (2015)
https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/r15001_14#division_d0e53028

Development Cost Charge: Best Practices Guide (2004) First edition 1997, Second Edition 2000
https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/finance/dcc_best_practice_guide_2005.pdf

Development Cost Charge Guide for Elected Officials (2004)
https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/finance/dcc_elected_officials_guide_2005.pdf

Historic Bulletin: Bill 17 Amendments to Local Government Act, Community Charter and Vancouver Charter (2014)
https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/bulletin_2014_bill_17_amendments_lga_cc_vc.pdf



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HAVAN, through its government relations department team, works with Metro Vancouver local governments on important public policy issues. Non-partisan policy analysis and strategic consultation is provided in a collaborative approach to efficiently deliver an affordable supply of housing across the region.

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