



URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION

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December 6, 2017

Chair Mayor Gregor Robertson
Mayors' Council on Regional Transportation
City of Vancouver
453 West 12th Avenue
Vancouver, BC V5Y 1V4

Chair Lorraine Cunningham
TransLink Board of Directors

Dear Chair Robertson and Chair Cunningham,

Re: Item 3.1 – A Proposed Structure & Rates for a Development Cost Charge for Transit

On behalf of the members of the Urban Development Institute (UDI), we respectfully submit our comments on the proposed structure and rates for a Development Cost Charge (DCC) for transit.

After nearly four years since the introduction of the Mayors' Council 10-Year Vision, senior governments' funding agreements are not yet completed; and, the regional funding source for TransLink is not finalized. The need for significant transit expansion is so critical to our region that UDI is generally supportive of the introduction of a modest regional transit DCC on new development in Metro Vancouver to contribute to a portion of funding for the 10-Year Investment Plan. However, we do have significant concerns that the current proposal does not include an upper limit on future decisions to increase the rates over and beyond inflation.

As you know, our industry is not usually supportive of new development fees or taxes, because of the real impact on housing affordability for the end user. However, in this case, we support the introduction of a regional DCC as a new revenue tool to fund transit expansion. The \$20 million annual revenue target is prudent; and, we believe the impact of this level of charges on affordability can be mitigated due to the positive benefits of transit investment on the cost of housing plus transportation.

For example, the Surrey LRT will allow access to more affordable land South of Fraser and enable people who live there to connect to employment and education opportunities throughout the Region, including the Broadway Corridor, which will be served by the proposed Millennium Line Extension.

We are encouraged that TransLink has committed to monitoring the DCC revenues on a regular basis and that further analysis on the proposed rates will be occurring next year. In

our November meetings with staff, our members noted that the revenues collected by TransLink may exceed the \$20 million target – given the growth that is occurring in the Region and the proposed Draft Initial DCC Rates for 2020. For our industry and the public to have confidence in this new funding tool, it is extremely important that rates are monitored and adjusted as needed, to ensure revenues are reasonably consistent with the initial \$20 million target and future projections based on inflation.

While recognizing the pressing need for transit expansion and being generally supportive of the proposed DCC structure and rates, UDI continues to have significant concerns that the current proposal provides no mechanism to cap the ability of the TransLink Board and Mayors' Council to increase the rates substantially on their own in the future.

Unlike other current TransLink revenue sources, such as the TransLink portions of the fuel tax and property tax, the proposed transit DCC does not include an upper limit on future decisions to increase the rates beyond inflation. What is a modest and prudent charge today, could quickly become a substantial DCC in the future despite the "Transparency and Accountability" measures enunciated in the framework "*A DCC for Regional Transportation Infrastructure in Metro Vancouver: Proposed Structure and Draft Rates*" document.

According to staff, the TransLink "... *DCC is estimated to fund approximately 10% to 15% of the total transit capital expansion costs in the Phase 1 Plan;*" although it will cover a lower percentage of the overall plan. **UDI recommends that the legislation include a cap, linked to the percentage that the industry is proposed to fund the Capital Plan. If the Mayors' Council is concerned that senior government transit funding may be lower in the future, the cap could be linked to the total of the regional portion of the transit capital expansion costs.**

The cap does not have to be a hard limit. The legislation could specify that the Minister Responsible for TransLink could by Regulation (with agreement from the Mayors' Council and the TransLink Board) increase the percentage that the DCC could fund of TransLink's Capital Plan. Staff note "*Legislation for other DCCs does not specify a maximum rate increase;*" However, the Provincial Inspector of Municipalities does have to sign-off on DCC By-laws, so there is a precedent.

In the future, another way that TransLink could increase revenues from the development sector would be to develop a Density Bonus with a value proposition. In rail transit station area precincts (400m or 800m around the stations) a charge could be applied on new development with a corresponding increase in density. The rates and densities could be adjusted by location and sub-regions within Metro Vancouver. Rates would also need to be structured, so that there would still be room for municipal charges.

UDI appreciates the tremendous efforts being made by the Mayors Council and the TransLink Board to secure funding agreements with senior levels of government. We would like to thank you both for the opportunity to provide comment on the proposed structure and rates for a Development Cost Charge (DCC) for transit. We support the modest DCC being proposed, but do have concerns that it could be substantially increased in the future to a level that the industry would not support. We ask that you consider including a mechanism to cap the rates – with an allowance for going above the cap with Provincial approval. If you have any questions or wish to discuss our proposals further, please don't hesitate to contact us directly.

Thank you for engaging us and allowing us the opportunity to provide feedback on this consequential proposal. We look forward to working with you to expand the transit and transportation infrastructure throughout Metro Vancouver.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anne McMullin', with a stylized flourish at the end.

Anne McMullin
President and CEO

cc. Honourable Selina Robinson, Minister of Municipal Affairs and Housing, and
Minister responsible for TransLink
Honourable Carole James, Minister of Finance and Deputy Premier
Kevin Desmond, CEO, TransLink

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