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Re: Proposed Community Amenity Contribution (CAC) Program – Preliminary Comments

I would like to thank you, Langley staff and your consultant (Rollo + Associates) for meeting with members of the Urban Development Institute (UDI) on February 22nd and 23rd to discuss the Township's proposed CAC program. I know we are still at a preliminary stage, but it is important that you meet with the industry early in the process as there are numerous issues that need to be addressed. Below are our comments based on the presentation and initial documents provided by staff and the consultant.

Proposed CAC Capital Program Items

Several issues were raised about the CAC Capital Program Items initially proposed by staff. The most critical issue is that of the proposed capital projects, few are likely to be seen as valuable amenities by local residents. In other municipalities, residents enjoy local pools, ice rinks, and community centres, paid for by CACs. In the Township, a Satellite Operations Yard and RCMP detachment are proposed. At the recent Liaison meetings, staff indicated that there was a longer list of potential amenities. We would be interested in reviewing that list to get a more comprehensive understanding of potential benefits from this proposed CAC program.

In addition, the Conference Centre, Agri-plex and airport improvements are likely to be "*Economic Development Generators*". It is not clear why new residents should be required to pay for these improvements, as they are far more likely to be used by businesses, or to increase business activity. These improvements should be funded through tax revenues from businesses.

UDI would be supportive of the Township-wide Greenways and the Museum. However, it is important to hear from residents – especially from the local communities accepting growth. We understand that you will be consulting with them, and we support this. We also recommend that this consultation include information regarding how much tax revenue will be needed to fund operations and programing for various amenities – as well as the taxpayer portion of the capital costs (see next section). Perhaps this consultation could occur in the form of a survey, similar to the Township's past Public Engagement process.

It is not clear where some of the CAC capital projects would be located. As a best practice, UDI believes that CAC capital projects should be located in areas where growth will be occurring, so that the people who pay the CACs can directly benefit from them. In addition, locating amenities in high growth areas would assist the industry and the Township in gaining support for new Area Plans and projects if residents in those areas see the direct benefits of accepting new development. If most of the Township's new growth is going to occur on the western edge of the municipality, we recommend that this is where capital project amenities be located.

Attribution between Existing Development and New Growth

UDI supports the principle that new development should pay its fair share of the costs of capital infrastructure to service growth. We were pleased to hear that the Township would like to follow the Development Cost Charge (DCC) approach for the CAC program. We fully support this direction. As such, our members were surprised that 100% of proposed CAC capital projects were attributed to new growth - and therefore would be funded by new growth. Many of the proposed capital projects – especially the Entertainment Centre, Township-wide Greenways, and Museum - would be used by all (current and new) Langley residents.

It has been suggested in our meetings that all CAC costs are attributed to new development, in part, because the Township needs to catch-up with development that has occurred over the past two decades. The difficulty with this approach is that future new residents to Langley and current builders are unfairly subsidizing the cost of amenities for people who have moved into, or developed, projects in the municipality over the last twenty years. New development cannot afford to pay for such historic shortfalls without severely undermining housing affordability.

We recommend that some of the costs of the proposed CAC capital projects be funded by current residents through taxes or general revenues. We also suggest the following approach be considered by the Township to determine CACs:

- If most of the new growth is contained in the western extremity of the Township (e.g. the Latimer, Smith, Carvolth, and Williams neighbourhoods), an analysis of the future amenity needs could be quantifiably based on this land base.
- The amenity needs of this area could be prorated in comparison to the current developed land base of the Township. This provides a quantifiable basis for ongoing discussions and analysis.
- This type of approach offers a rational way to allocate a portion of CAC's to municipal-wide capital amenities.
- The needs of the defined study area could then be completed using municipal standards for community centres, pools, future municipal-wide trails and other amenities to be determined through consultation.
- The Township should "net" out or provide a credit for amenities (such as greenways, public art, etc.), that are already captured in Neighbourhood Plans or through policy and by-law frameworks
- The costs for these amenities could then be determined, and be equitably divided between new and existing growth.

Other Funding Sources

There are more funding sources available for some of the capital projects beyond CACs and Township General Revenues. We recommend that the Township seek to secure funding from senior governments for the CAC capital projects. P3 arrangements could also be used for projects such as the Conference/Entertainment Centre or the Agri-plex.

The costs of the projects could also be reduced if they were located on Township of Langley lands. Staff noted that most of the proposed costs were attributed to construction. However, given that the size of the proposed program is $270 million, even a 20% reduction in costs would save over $50 million. In addition, we would be interested in seeing a breakout of capital costs between land and construction.

Impact on Affordability

As you know, British Columbians are very concerned with housing affordability, and many people move to the Township because it is less expensive to purchase a home in the Township, as compared to other parts of Metro Vancouver. It will be important that the CAC program not undermine Langley's affordability.

We are concerned that the proposed CAC charges will be almost three times higher than the CACs in Coquitlam (which is served by SkyTrain) and Maple Ridge (outside of the Albion area). We recommend that the proposed CACs be more in line with local governments in the area so Langley can remain competitive. The proposed CAC rates are the equivalent of having a 42-56% increase in the DCC rates that are currently charged by the local government. This is a substantial increase and the potential impacts on affordability need to be assessed.

This is particularity important now because the industry will be facing additional fees – a new TransLink development charge; substantial increases in the DCCs charged by the Greater Vancouver Sewerage and Drainage District; and likely increases to the Township's DCCs, which will soon be undergoing a review.

We understand that the consultant has done a proforma review of the proposed CACs. UDI would like the opportunity to review this work with staff and the consultant, so we can fully discuss what the program's impact on affordability will be. Ideally, this work should include the impact of the other charges noted above. We also need to discuss what impact the CACs may have on the marketplace. Increased costs to multi-family projects may lead developers to build lower density projects – limiting housing choice, housing supply, and potentially future transit services to the Township.

Grandfathering/Grace Period/Phasing

Housing affordability will also be compromised if the CAC program is implemented without instream protections and a transition process – especially if the high CACs that are being proposed are approved. This is important for our members as commitments, specifically financial, are made early in the development process and adjustments become increasingly difficult to make at later stages. If the CAC program is implemented without these measures in place, projects may have to be cancelled, deferred, or prices increased - all of which will continue to hinder affordability in our region.

UDI strongly recommends that the Township grandfather instream applications and have a transition period (a grace period and/or phasing) when the CACs are implemented. We would be pleased to discuss this issue further with your staff and the consultant at our future meetings.

Especially given the fact that the proposed CAC rates are equivalent to a 42-56% increase in the DCCs currently levied by the Township, we highly recommend implementing a grandfathering structure to help mitigate potential negative impacts of these increases.

<u>Ongoing Management of the CAC Program</u>

The Township is asking the industry to fund hundreds of millions of dollars in capital infrastructure. This is a large investment, and we ask that it be managed like the DCC program with collected CACs being put in reserve accounts that can only be used to fund CAC capital infrastructure programs – not in general revenues. Like DCCs, we also recommend that the Township provide an annual report on the CACs. This will add transparency to the program for the public and the industry.

The Urban Development Institute and its members look forward to working with you, Township staff and your consultant, to discuss the above issues as the Community Amenity Contribution policy moves forward.

Sincerely,

Anne McMullin
President and CEO