

THE CORPORATION OF THE  
**CITY OF WHITE ROCK**  
CORPORATE REPORT



**DATE:** December 14, 2015

**TO:** Mayor and Council

**FROM:** Greg St. Louis, Director, Engineering and Municipal Operations

**SUBJECT:** 2015 Development Cost Charges Update

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**RECOMMENDATION**

THAT Council receives for information the December 14, 2015, corporate report from the Director of Engineering and Municipal Operations titled, "2015 Development Cost Charges Update."

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**INTRODUCTION**

The purpose of this report is to provide Council with an update to the findings of the 2015 Development Cost Charge (DCC) Program. Since the previous Corporate Report dated October 5, 2015, the City has completed the purchase of the water utility from EPCOR and completed preliminary cost estimates for extension of the promenade. There is significant new development interest in the City, which affects the multi-family, commercial, and institutional development projections and therefore the associated DCC calculations. Staff have also received feedback from Council and the public following the October 5, 2015 Council meeting and the October 29, 2015 DCC Open House held at the White Rock Community Centre. Based on this new information and feedback, staff have worked with the Consultant to revise the DCC calculations, incorporating changes to future development projections and capital construction, planning, and design projects.

The Province of British Columbia has developed a guide to assist municipalities in completing a DCC program, which staff has consulted. In addition to consultation with the public and council, the proposed DCC updates will be provided to the Urban Development Institute (UDI) for comments from the development community prior to approval by the Inspector of Municipalities before coming into force. The Inspector may refuse approval of a DCC bylaw under section 937(3) (b) of the *Local Government Act* if the DCCs are excessive, deter development or discourage construction of reasonably priced housing.

**ANALYSIS**

Public consultation is required as part of the approval process of the DCC bylaw. Since the previous corporate report was completed, the Consultant for the DCC Update, Urban Systems, gave a presentation to Council at the regularly scheduled Council meeting on October 5, 2015. A Public Meeting was also held October 29, 2015 at the White Rock Community Centre. Feedback from the Public Open House and from Council was mainly related to the proportioning of the existing "user benefit" between future development and existing residents. As certain infrastructure projects may benefit existing residents as well as future residents, a benefit factor

related to the projected growth was calculated using the population projections and anticipated development interest.

In response to the October consultation, the benefit factor for most capital projects was increased from 10% to 25% where the project mostly benefitted existing residents, while park land acquisitions were reduced from 100% to a 50% benefit factor if there was still a greater, but not complete, benefit to new development. The proposed benefit factors are in line with other cities in the region which vary from as low 1% up to 100% for projects directly related to new development.

Typically municipalities revise their DCC bylaws every 5 years, with some as often as yearly. Revising the DCC bylaw after 10 years, and adding sanitary sewer and water systems into the DCC bylaw has resulted in a larger than typical increase in rates. Since 2006, construction and land costs have also increased significantly, creating upward pressure on the City’s capital budget. Increased interest in White Rock has also affected development projections and the DCC rates have been increased to accommodate the expected capital upgrades needed to support this growth.

Despite the increase, the proposed DCC in White Rock will remain lower than many cities in the region as shown in Appendix A , and overall municipal fees paid by builders and developers will remain competitive with other similar municipalities\*.

## **FINANCIAL**

The basic DCC financial model is that the total program costs are calculated and the portion related to existing development is removed as well as the portion related to the Municipal Assist Factor. The remaining costs are recoverable through the DCC program.

The following table is an updated summary of DCC related costs until 2031.

**Proposed DCC Recoverable Costs and City Responsibility (\$ millions)**

<b>DCC Program</b>	<b>Municipal Costs</b>	<b>DCC Recoverable Costs</b>	<b>Funding by Others</b>	<b>Total Capital Costs</b>
<b>Transportation</b>	\$15.5	\$5.1	\$0.0	\$20.6
<b>Stormwater</b>	\$14.0	\$4.6	\$0.0	\$18.6
<b>Parks</b>	\$25.9	\$10.5	\$0.0	\$36.4
<b>Sanitary</b>	\$4.3	\$1.4	\$0.0	\$5.7
<b>Water</b>	\$6.2	\$2.0	\$0.0	\$8.2
<b>Total</b>	<b>\$65.9</b>	<b>\$23.6</b>	<b>\$0.0</b>	<b>\$89.5</b>

\*Commercial Real Estate Development Association 2014 Development Cost Survey

The following tables list the updated proposed DCC rates. Appendix A, illustrates the City's proposed DCC rate compared to other municipalities, including Metro Vancouver's DCC.

**Proposed DCC Rates**

	<b>Roads</b>	<b>Drainage</b>	<b>Parks</b>	<b>Sanitary</b>	<b>Water</b>	<b>Total Development Cost Charges</b>
<b>Residential (Single Family)</b>	\$2,857.85	\$6,882.32	\$7,080.26	\$1,017.48	\$1,456.85	\$19,294.76 Per unit
<b>Residential (MF-Townhouse or Apt)</b>	\$2,229.13	\$1,858.23	\$5,310.19	\$763.11	\$1,092.64	\$11,253.29 Per unit
<b>Commercial</b>	\$34.29	\$13.76	\$0.00	\$6.61	\$9.47	\$64.14 Per sq. metre building
<b>Institutional</b>	\$17.15	\$13.76	\$0.00	\$5.60	\$8.01	\$44.52 Per sq. metre building

**Existing/Proposed DCC Rates**

**CITY OF WHITE ROCK – 2015 DCC SUMMARY**

<b>Land Use</b>	<b>Unit</b>	<b>Transportation</b>		<b>Drainage</b>		<b>Park</b>	
		<b>Current</b>	<b>Proposed</b>	<b>Current</b>	<b>Proposed</b>	<b>Current</b>	<b>Proposed</b>
One-unit Residential	Per Unit	\$805.66	\$2,857.85	\$1,936.48	\$6,882.32	\$2,860.12	\$7,080.26
Multi-Unit Residential	Per Unit	\$628.41	\$2,229.13	\$522.85	\$1,858.23	\$2,860.12	\$5,310.19
Commercial	Per Sq.m of Building	\$9.67	\$34.29	\$3.87	\$13.76	\$0.00	\$0.00
Institutional	Per Sq.m of Building	\$4.83	\$17.15	\$3.87	\$13.76	\$0.00	\$0.00

**CITY OF WHITE ROCK – 2015 DCC SUMMARY CONTINUED**

<b>Land Use</b>	<b>Unit</b>	<b>Sanitary</b>		<b>Water</b>		<b>Total</b>	
		<b>Current</b>	<b>Proposed</b>	<b>Current</b>	<b>Proposed</b>	<b>Current</b>	<b>Proposed</b>
One-unit Residential	Per Unit	n/a	\$1,017.48	n/a	\$1,456.85	<b>\$5,602.26</b>	<b>\$19,294.76</b>
Multi-Unit Residential	Per Unit	n/a	\$763.11	n/a	\$1,092.64	<b>\$4,011.38</b>	<b>\$11,253.29</b>
Commercial	Per Sq.m of Building	n/a	\$6.61	n/a	\$9.47	<b>\$13.54</b>	<b>\$64.14</b>
Institutional	Per Sq.m of Building	n/a	\$5.60	n/a	\$8.01	<b>\$8.70</b>	<b>\$44.52</b>

### **Next Steps**

- Repeal First reading of previous DCC Bylaw passed on October 5, 2015.
- DCC Bylaw for Council consideration (First reading) December 14, 2015.
- Consultation and Engagement with Urban Development Institute Dec 2015.
- DCC Bylaw for Council consideration (Second and third readings) January, 2016.
- Provincial Approval.
- Council Adoption of DCC Bylaw.
- Completion – early 2016.

### **CONCLUSION**

Development cost charges are only one of the financial tools and mechanisms available to the City to have new development assist in funding infrastructures needed to accommodate growth in the community. An update was conducted on the existing DCC program using information from the new Master Plans and other reports. This report provides a further update which incorporates revised costs and feedback from the consultation program. The updated DCC program provides overall rates that are consistent with other Lower Mainland municipalities. It is recommended that the council approves proceeding with the new proposed DCC rates.

Respectfully submitted,



Greg St. Louis, P.Eng.  
Director Engineering and Municipal Operations

### **Comments from the Chief Administrative Officer:**

I concur with the recommendation of this corporate report.

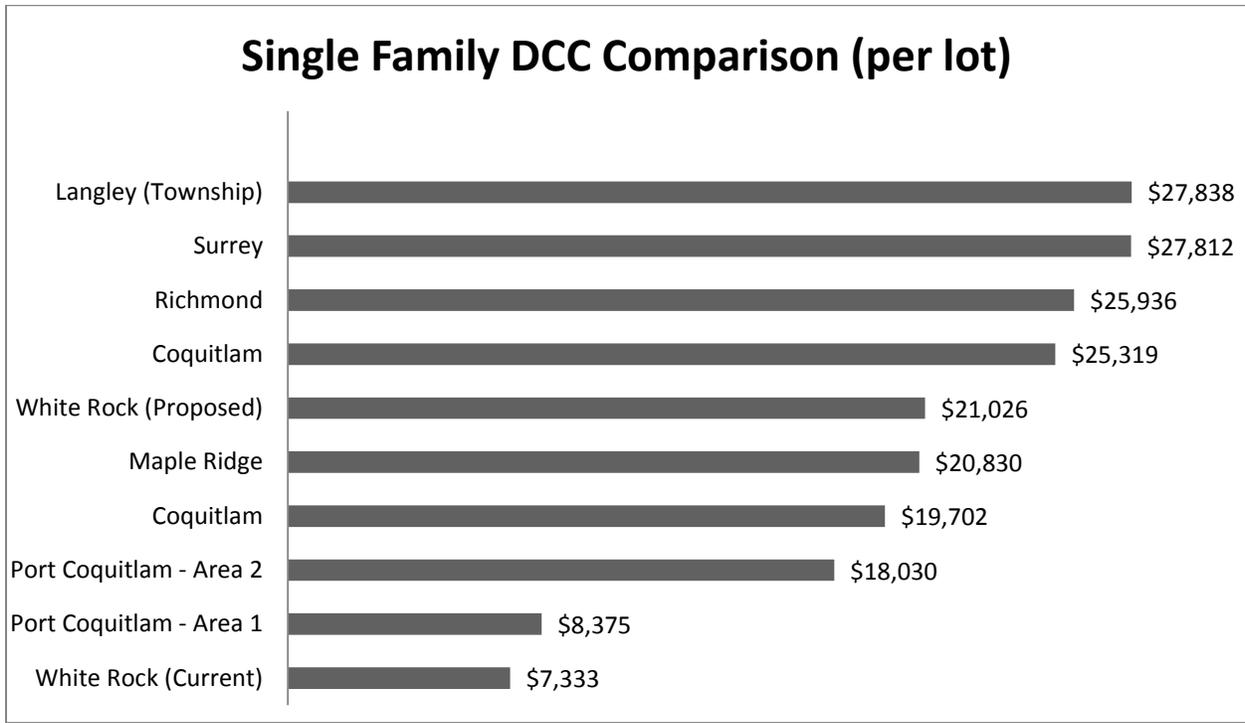


Dan Bottrill  
Chief Administrative Officer

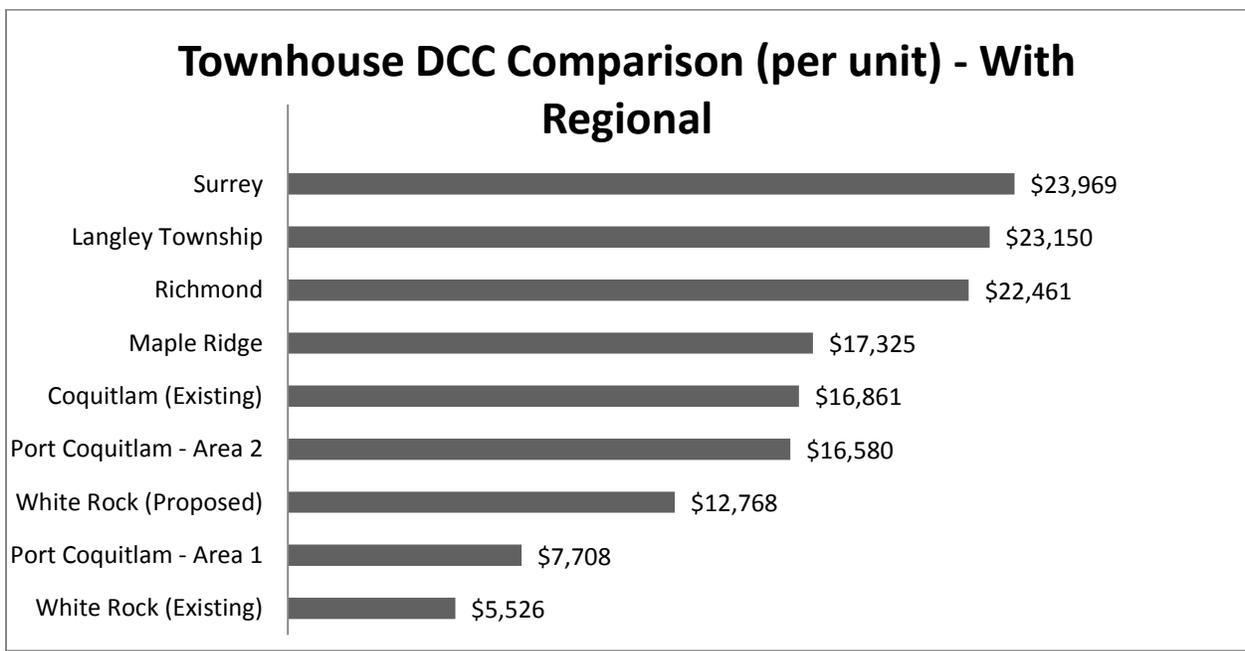
- Appendix A: Comparison of DCC Rates (Including Metro Vancouver DCC)  
Appendix B: Corporate Report dated October 5, 2015 from Greg St. Louis, Director of Engineering and Municipal Operations titled "2015 Development Cost Charges"

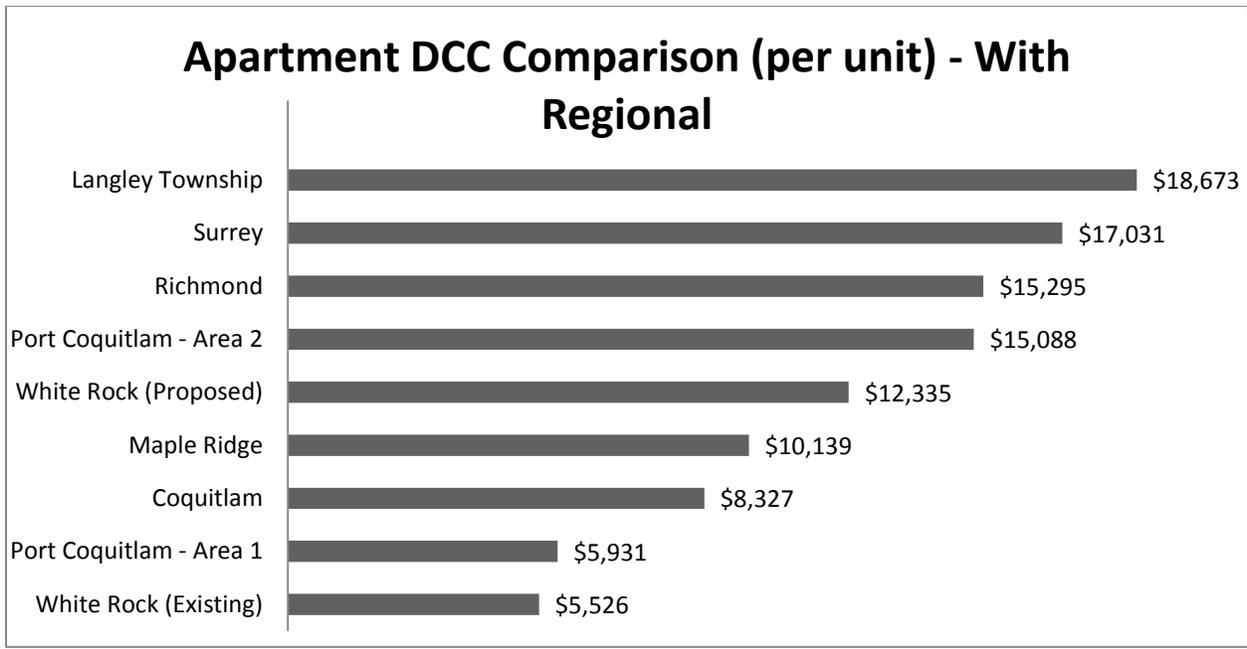
**APPENDIX A**  
**COMPARISON OF DCC RATES (Including Metro Vancouver DCC)**

**Residential (Single Family)**

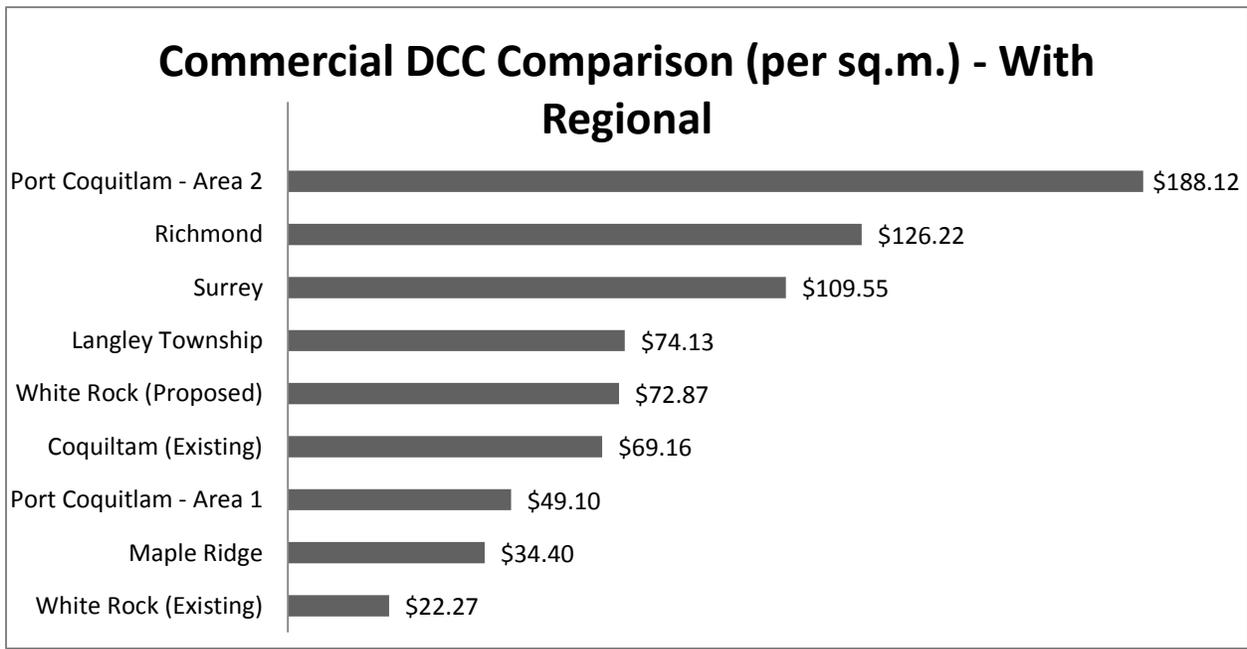


**Residential (Multi-Family)**





**Commercial**



## APPENDIX B

# THE CORPORATION OF THE **CITY OF WHITE ROCK** CORPORATE REPORT



**DATE:** October 5, 2015  
**TO:** Mayor and Council  
**FROM:** Greg St. Louis, Director, Engineering and Municipal Operations  
**SUBJECT:** 2015 Development Cost Charges

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### RECOMMENDATION

THAT Council receive for information the October 5, 2015 corporate report from the Director of Engineering and Municipal Operations titled, "2015 Development Cost Charges."

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### INTRODUCTION

Development cost charges (DCC) 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. Imposed by bylaw, pursuant to Part 26, Division 10 of the *Local Government Act*, the charges are intended to facilitate development by providing a method to finance City's capital projects related to roads, drainage, sewers, water and parkland. Given the increasing budget constraints of local municipalities, DCC have been seen as a mechanism to implement the user pay model where developers are required to pay their fair share of the costs to implement new infrastructure resulting from additional growth.

DCC allow monies to be pooled from many developments so that funds can be raised to construct the necessary services in an equitable manner. The municipality can be considered to be the coordinator of the capital program and administrator of the funds collected. The monies will be used to finance upgrades to City's infrastructure due to development.

DCC may be imposed on most, but not all, residential and commercial development. However, buildings for public worship and buildings under \$50,000 are specifically excluded from DCC. For the most part, this means that applicants for subdivisions and building permits for multi-family and commercial properties will be required to pay DCC. Typically, a single family development will not pay DCC as the builder is just replacing a single family house with another single family house so there would be no increase in demand for city services, i.e. road, sewers, water and parks.

DCC can be specified according to different zones or specified areas as they relate to different classes and amount of development, but charges should be similar for all developments that impose similar capital cost burdens on a local government. For example, DCC for road costs may be charged at the same rate across the municipality, while DCC for sewer costs may be charged based on a development's specific location.

The province of British Columbia has developed a guide to assist municipalities in completing a DCC program, which staff has consulted. In addition, all amendments to the DCC Bylaw will be subject to approval by the Inspector of Municipalities before coming into force. The Inspector may refuse approval of a DCC bylaw under section 937(3) (b) of the *Local Government Act* if the DCCs are excessive, deter development or discourage construction of reasonably priced housing.

The purpose of this report is to provide Council with the findings of the 2015 Development Cost Charge Program.

### **ANALYSIS**

The development cost charges (DCC) program provides the City with an opportunity to identify growth related projects and proportion the costs accordingly to the development community. This will result in growth related infrastructure costs which are not fully funded by the City. The *Local Government Act* will only allow municipalities to collect DCC on certain items. These are:

1. Capital upgrades to infrastructure; and
2. Park land acquisition and park development.

DCC are not permitted to be utilized for:

1. Operation and maintenance;
2. New or upgraded works needed for the existing population; and
3. Various recreation, cultural and safety amenities.

The last update to the City's DCC program was completed in 2006. Using new information contained in the recently completed Drainage and Sewer Master Plans, Strategic Transportation Plan and EPCOR's (water) Master Plan, significant changes to the program are proposed and overall rates will increase accordingly. The rate increase is partly due to the fact that it has been almost 10 years since the last DCC update, as well as the previous DCC did not have a sanitary sewer or water DCC component. In 2006, it is presumed that there was no requirement for the sanitary system to increase in capacity for development and therefore no DCC was required. With the City purchasing the water utility, the City is now able to include a DCC for water. These master plans identify the capital infrastructure investments required to accommodate future growth. The Master Plan studies allowed the City to:

1. Include a more comprehensive list of capital investments needed to support growth;
2. Clearly define the share of the capital investments that benefit growth and therefore should be paid for by development; and
3. Establish a new Sanitary and Water DCC for White Rock.

Staff has recommended a 15 year DCC program (2016 to 2031). This does not prevent municipalities from reviewing or amending the program prior to this. Staff has reviewed the master plans and identified development related projects in the 15 year timeframe.

As part of the DCC review, a population forecast is required to estimate the amount of future growth that is possible in the community. The current Official Community Plan (OCP) (2008) includes differing population projections, ranging from 22,000 to 23,505 by the year 2031. A population projection of 22,000 by the year 2031 was used in the DCC calculations, which is consistent with the City's Regional Context Statement within the OCP.

As certain infrastructure projects may benefit existing residents as well as future residents, a Benefit Factor related to the benefit apportioned to projected growth was calculated using the population projections, noted previously. Some projects were given a 10% Benefit Factor, if the project benefited primarily existing residents, while others were given a 100% Benefit Factor if they were projects that strictly benefited new growth.

Municipalities may choose to assist the development community by including a Municipal Assist Factor greater than 1%. This would reduce the amount of DCC a developer would pay and increase the City's portion. The province requires municipalities to have a Municipal Assist Factor of at least 1% and consistent among land use. Council may choose to increase this percentage to attract development. Most municipalities use a Municipal Assist Factor of 1% and that is staff's recommendation.

Some municipalities are providing discount rates for DCC fees for providing affordable housing, "green" or energy efficient technology in building construction. For example, the City could have a provision in the DCC Bylaw where a developer could pay a fraction of the DCC fee if they were building affordable housing. This would provide an incentive to the developer to consider building affordable housing. A similar discount DCC rate could be established if the developer built a cistern to collect rainwater. As "green" technology benefits the environment and can be expensive, this reduction in DCC could make the technology more affordable. Staff has not taken into consideration affordable housing or "green" technology discounts at this time. Staff will be seeking feedback at the public meeting.

Public consultation is required as part of the approval process of the DCC bylaw. Two presentations were given to the City's Economic Investment Committee. The first presentation was on May 27, 2015, which was a general overview of DCC by staff and on September 16, 2015 a detailed presentation was given by Urban Systems, the City's consultant on the draft DCC program. In addition, Urban Systems is scheduled on October 5<sup>th</sup> to give a presentation to council at the Regular Council meeting. A public meeting will be scheduled in October 2015 to receive input from the community on the draft DCC rates.

In addition, to municipal DCC, there are regional DCC imposed by Metro Vancouver. Metro Vancouver is reviewing the regional DCC rate and the City will be participating in that process.

## **FINANCIAL**

DCCs must be kept in a separate fund from a local government's general operating fund. A local government may only spend DCC monies, and the interest earned on them, for the specific projects and services for which they were originally collected. For example, DCC collected for sewer may only be spent on new sewer infrastructure included in the DCC program.

Generally, infrastructure construction begins after enough DCC have been collected by the local government for the project; however, in certain circumstances construction must begin before enough funds have been collected. In these circumstances either the local government or the developer will "front-end" the cost. These costs are then recovered through DCC as the

development progresses. If either the local government or the developer borrows funds to pay these costs the interest paid on these borrowed monies can be recovered through future DCC. The basic DCC financial model is that the total program costs are calculated and the portion related to existing development is removed as well as the portion related to the Municipal Assist Factor. The remaining costs are recoverable through the DCC program.

The following table is a summary of DCC related costs until 2031.

**Proposed DCC Recoverable Costs and City Responsibility (\$ millions)**

DCC Program	Municipal Costs	DCC Recoverable Costs	Funding by Others	Total Capital Costs
<b>Transportation</b>	\$17.4	\$2.0	\$0.0	\$19.4
<b>Stormwater</b>	\$18.2	\$2.0	\$0.0	\$20.2
<b>Parks</b>	\$24.3	\$8.6	\$0.0	\$32.9
<b>Sanitary</b>	\$5.6	\$0.6	\$0.0	\$6.2
<b>Water</b>	\$7.4	\$0.8	\$0.0	\$8.2
<b>Total</b>	<b>\$72.9</b>	<b>\$14.0</b>	<b>\$0.0</b>	<b>\$86.9</b>

As mentioned earlier in the report, the DCC rates have not changed since 2006. With increases in inflation over the past 10 years as well as added infrastructure costs, the City of White Rock will still have one of the lowest DCC rate in the lower mainland. This is due to the fact that the City is completely built out and typically, can accommodate development, with road resurfacing and localized sewer upsizing. Appendix A, illustrates the City’s proposed DCC rate compared to other municipalities, including Metro Vancouver’s DCC.

The following table is the proposed DCC rates.

**Proposed DCC Rates**

	Roads	Storm	Parks	Sanitary	Water	Total Development Cost Charges
<b>Residential (Single Family)</b>	\$1,074.20	\$2,684.17	\$5,859.92	\$492.66	\$646.80	\$10,757.75 Per unit
<b>Residential (MF-Townhouse or Apt)</b>	\$837.88	\$724.73	\$4,394.94	\$369.50	\$485.10	\$6,812.15 Per unit
<b>Commercial</b>	\$12.89	\$5.37	\$0.00	\$3.20	\$4.20	\$25.66 Per sq. metre building
<b>Intuitional</b>	\$6.45	\$5.37	\$0.00	\$2.71	\$3.56	\$18.09 Per sq. metre building

**Existing/Proposed DCC Rates**

**CITY OF WHITE ROCK – 2015 DCC SUMMARY**

Land Use	Unit	Transportation		Storm-water		Park	
		Current	Proposed	Current	Proposed	Current	Proposed
One-unit Residential	Per Unit	\$805.66	\$1,074.20	\$1,936.48	\$2,684.17	\$2,860.12	\$5,859.92
Multi-Unit Residential	Per Unit	\$628.41	\$837.88	\$522.85	\$724.73	\$2,860.12	\$4,394.94
Commercial	Per Sq.m of Building	\$9.67	\$12.89	\$3.87	\$5.37	\$0.00	\$0.00
Institutional	Per Sq.m of Building	\$4.83	\$6.45	\$3.87	\$5.37	\$0.00	\$0.00

**Existing/Proposed DCC Rates**  
**CITY OF WHITE ROCK – 2015 DCC SUMMARY CONTINUED**

Land Use	Unit	Sanitary		Water		Total	
		Current	Proposed	Current	Proposed	Current	Proposed
One-unit Residential	Per Unit	n/a	\$492.66	n/a	\$646.80	<b>\$5,602.26</b>	<b>\$10,757.75</b>
Multi-Unit Residential	Per Unit	n/a	\$369.50	n/a	\$485.10	<b>\$4,011.38</b>	<b>\$6,812.15</b>
Commercial	Per Sq.m of Building	n/a	\$3.20	n/a	\$4.20	<b>\$13.54</b>	<b>\$25.66</b>
Institutional	Per Sq.m of Building	n/a	\$2.71	n/a	\$3.56	<b>\$8.70</b>	<b>\$18.09</b>

**Next Steps**

- DCC Bylaw for Council consideration (First reading) October 5, 2015
- Consultation and Engagement- Community Open House in October 2015
- DCC Bylaw for Council consideration (Second and third readings) November, 2015
- Provincial Approval
- Council Adoption of DCC Bylaw
- Completion – end of 2015 / early 2016

**CONCLUSION**

Development cost charges are one of the financial tools and mechanisms available to the City to have new development assist in funding infrastructures needed to accommodate growth in the community. An update was conducted on the existing DCC program using information from the new Master Plans and other reports. The updated DCC program provides rates required for additional infrastructure related to new growth that remain competitive with other Lower Mainland municipalities. It is recommended that Council consider approving the new DCC rates subsequent to community engagement as outlined within this corporate report.

Respectfully submitted,

Greg St. Louis, P.Eng.  
Director Engineering and Municipal Operations

**Comments from the Acting Chief Administrative Officer:**

I concur with the recommendation of this corporate report.

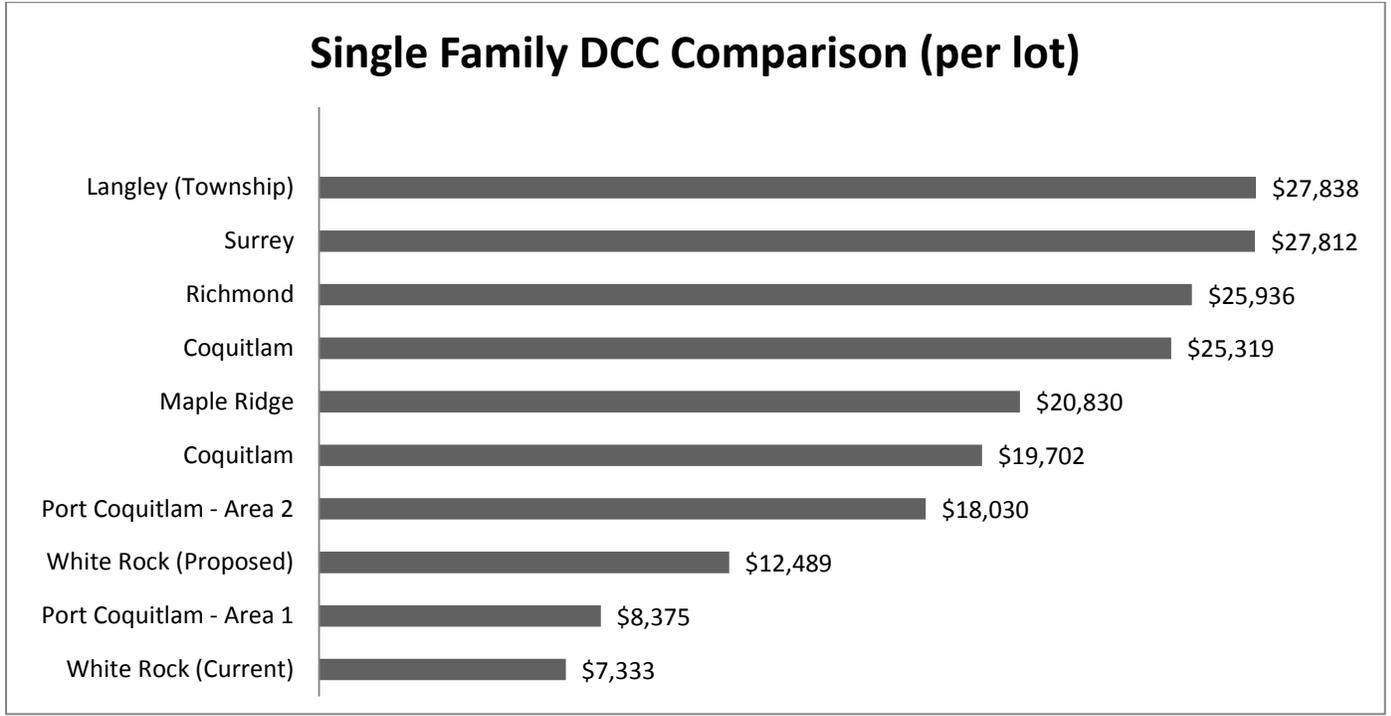
Tracey Arthur  
Acting Chief Administrative Officer and City Clerk

Appendix A: Comparison of Rates (Including Metro Vancouver DCC)

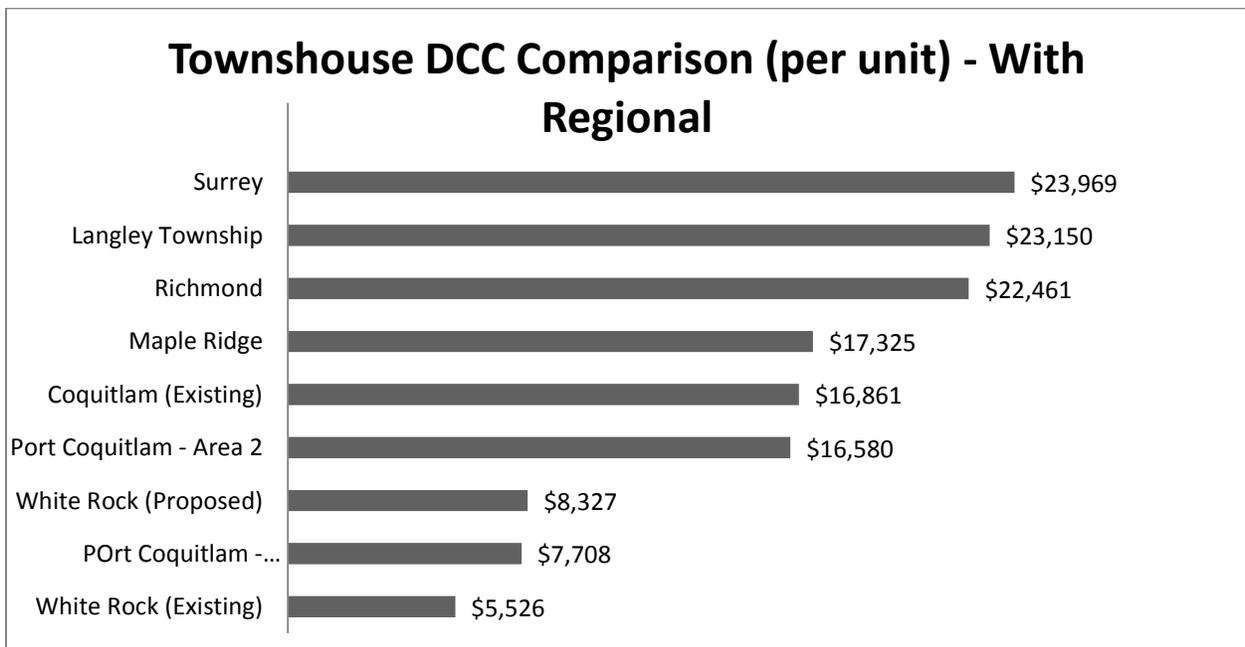
**APPENDIX A**

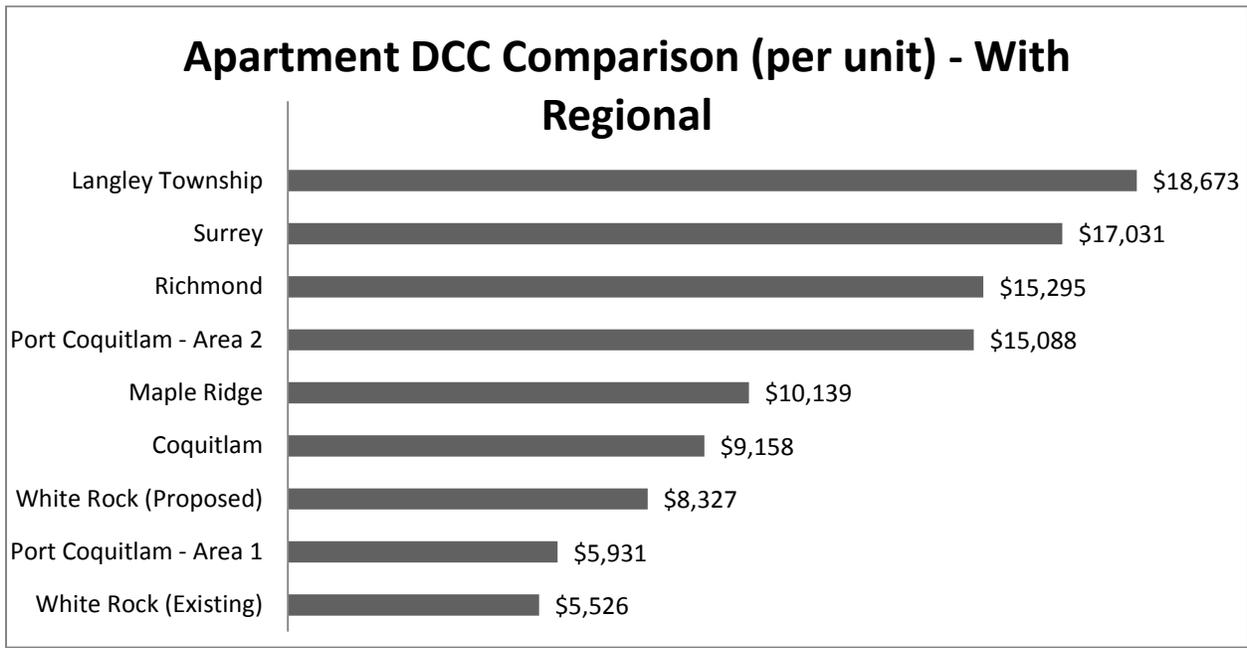
**COMPARISON OF RATES (Including Metro Vancouver DCC)**

**Residential (Single Family)**



**Residential (Multi-Family)**





**Commercial**

