



URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION

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GREATER VANCOUVER HOME BUILDERS' ASSOCIATION

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July 26, 2017

Chair Greg Moore and Board
Metro Vancouver
4330 Kingsway
Burnaby, BC V5H 4G8

Dear Chair Moore and Board:

Re: GVS&DD Development Cost Charge Program Review

The Urban Development Institute (UDI) and the Greater Vancouver Home Builders' Association (GVHBA) understand that the *Greater Vancouver Sewerage and Drainage District Development Cost Charge (GVS&DD DCC) Program* is currently under review. This *Program* will have substantial impact on our industry. We have concerns about affordability, phasing, periodic reviews and the consultation process.

UDI and GVHBA represent a key sector in B.C.'s economy that every year:

- Contributes over \$17 billion to the provincial GDP;
- Employs over 200,000 British Columbians (including dependent occupations); and
- Generates \$3.5 billion in revenues to governments.

AFFORDABILITY

For both of our organizations housing affordability is a key issue – as it is for you and the public you serve. The proposed DCC By-law will impact affordability. As noted in the June 23rd report to the Finance and Intergovernmental Committee, "... *these rates are a significant increase over existing rates.*" They are – especially for the Fraser Sewerage Area where the rates will increase by over 200%. For the rest of the areas the rate increases range from 75% to 109%.

Staff point out that the increases are a small portion of the cost of housing. While true as an absolute number, the larger context of government-imposed construction charges includes other costs and policies that have and are being imposed on homebuyers, renters and businesses, including:

- Rapidly rising DCCs and Development Cost Levies at the municipal level with increases in Coquitlam, Township of Langley, Maple Ridge, New Westminster, Richmond, Vancouver, and Surrey;

- Increasing CACs and density bonusing throughout the Region, including Vancouver, Township of Langley, Maple Ridge, and the City of North Vancouver;
- A new TransLink DCC and/or CAC;
- Inclusionary Zoning and Affordable Housing charges;
- Public Art Levies;
- Increases in the Property Transfer Tax;
- The *Energy Step Code*, which will increase the cost of construction;
- District Energy implementation costs;
- The new *B.C. Building Code* that will likely be coming into effect next year; and
- Mortgage Restrictions on our purchasers imposed by the Federal government.

These are just some of the affordability challenges facing our industry and the context that we are facing the Metro DCC increases.

PHASING

UDI and GVHBA concurs with the staff report regarding "... *the principle of growth paying for growth.*" We have always agreed that our industry should pay its fair share of growth. In fact, we are not asking for changes to the Assist Factor that is mentioned in the staff report. There are other ways to mitigate the impacts of these increases. They were outlined in the November staff report, and recommended at the time by the DCC Review Committee – a three-year phase-in period for the new rates. This has occurred in other municipalities such as Surrey, for increases far less than what is being proposed by Metro Vancouver.

We will have further comments on the consultation process later in our presentation, but suffice it to say that for many of our members a three digit increase will be a surprise cost. Many have not been made aware of the increased charges, and the ones that have followed the process have been expecting a phase-in period.

It is anticipated that the rates will come into effect on April 1, 2018. Many of our members have already purchased land and made financial commitments for projects. Phasing-in the rates will be 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. Without appropriate phasing, projects may have to be cancelled, deferred, or prices increased - all of which continues to hinder affordability in our region.

PERIODIC REVIEWS

On a go-forward basis, the impact of increases can be mitigated by having more periodic reviews of the DCC program. The substantial increases today are due to the fact that the program has not been reviewed for twenty years. Staff rightly recommend reviews every three to five years. We suggest that if the reviews are every five years, Metro include an annual inflationary adjustment, to avoid significant cost escalations when the program goes through a five year review.

CONSULTATION

Finally, this and future reviews need to proactively include the industry, which is paying for this infrastructure. Unless consultations with industry stakeholders are seen to be genuine, there is a perception that they are, in fact, notifications instead of consultations.

UDI was pleased that soon after the DCC review began in 2014, Metro staff made an initial presentation to our Township of Langley Liaison Committee. Since then, however, there has been no consultation with our industry about the review – despite numerous requests. We have been left to follow the progress of the DCC Review through staff reports.

Now it appears from the Report and recent media stories that decisions have been made through internal discussions regarding the new DCC rates and there has been a recent change in direction regarding phasing with no consultation with our industry.

Having stated this, UDI and GVHBA would very much like to work with Metro staff on a genuine consultation process with our memberships. We have several questions such as how project costs are being attributed to new growth versus existing development. We would also like to work with Metro to find ways to mitigate the impact of the increases through phasing-in the rates – or increasing the notice period – especially for the Fraser Sewerage Area.

Given the context of increasing government costs on our industry, the proposed DCC rates will impact affordability. However, we believe phasing-in the new rates will help mitigate their impact. UDI and GVHBA ask the Metro Vancouver Board to ensure that the consultation process will be genuine so we can address the infrastructure issues facing Metro in a way that is fair to homebuyers, renters and businesses.

Yours truly,



Anne McMullin
President & CEO
Urban Development Institute



Bob de Wit
CEO
Greater Vancouver Home Builders' Association