



June 26, 2020

Gary Buxton  
General Manager of Community Planning & Infrastructure  
District of Squamish  
Municipal Hall  
37955 Second Avenue  
P.O. Box 310  
Squamish, B.C. V8B 0A3

Dear Mr. Buxton:

***Re: 2020 Development Cost Charge (DCC) Bylaw Review***

On behalf of the Urban Development Institute (UDI), I would like to thank you for providing the opportunity to comment on the proposed Development Cost Charge (DCC) changes and for presenting the draft proposal at the May 27<sup>th</sup> District of Squamish – Staff Development Liaison Committee (DLC) meeting. We have heard from several of our members that are concerned with the magnitude and timing of the proposed increases, particularly given the ongoing COVID-19 pandemic. We respectfully submit our comments below for consideration by staff.

**Proposed Increases**

UDI recognizes the principle that growth needs to pay its fair share of the costs of infrastructure to support new housing, commercial and industrial projects, and we understand the cost pressures that the District of Squamish DCC program is facing. However, the proposed rate increases are quite substantial for residential properties, ranging from 45-75%. As you know, these DCC's will add to the purchase price of homes, significantly affecting housing affordability for those who want an opportunity to own their own homes in the District of Squamish.

We are also concerned with the particularly large increases to the commercial and industrial DCC rates that are being proposed. This is occurring at a time when the District has shown increasing interest in a larger commercial space component for projects in Class B commercial zones. The proposed DCC rates represent increases of 123% and 95% respectively for the commercial and industrial classes, both of which are substantially above the regional average based on other Sea-to-Sky and Lower Mainland municipalities.

The current COVID-19 pandemic will also create severe challenges for builders both currently and in the coming years, as they struggle to provide the homes that Squamish needs. We are concerned that this is occurring at a time when our members are facing a challenging economic environment because of COVID-19 and a number of policy pressures imposed by all levels of government, including:

- A proposed Federal Vacancy & Speculation Tax on Residential Properties;
- Ongoing Federal restrictions on mortgage lending such as the 2018 “stress test” imposed by the Office of the Superintendent of Financial Institutions, and the recently announced changes to the [Canada Mortgage and Housing Corporation underwriting policies for insured mortgages](#);
- The provincial taxes that apply to development lands noted above; and
- New *BC Energy Step Code* requirements in the District of Squamish for new construction that will come into effect in January 2021.

### **Phasing and Effective Dates**

UDI recognizes why the District’s DCCs need to increase, but we recommend that the rates be phased-in over multiple years to mitigate their impact on housing costs and commercial/industrial projects. We consider the approach taken by the City of Surrey to be a best practice for large DCC increases, minimizing the risk to builders should they not meet the grandfathering timelines legislated by the *Local Government Act (LGA)*.

This issue is important to our members as commitments, specifically financial, are made early in the development process and adjustments become increasingly difficult to make at later stages. Our members purchase land and make financial commitments early in the development process. Adjustments become increasingly difficult to make at later stages. If the substantial DCC increases are implemented without phasing, projects may have to be deferred, or prices increased - all of which will continue to hinder affordability.

Alternatively, the District could consider delaying the implementation of the changes and providing a fixed effective date. This delay would especially assist larger and more complex projects that are instream and would provide additional certainty to builders.

We hope that you will consider our letter as part of the development of a revised DCC Bylaw and if you have any questions regarding our comments, please do not hesitate to contact us. We would be pleased to have further discussions with the District of Squamish regarding the DCC review. UDI looks forward to working with the District on this and other issues.

Yours sincerely,



Anne McMullin  
President and CEO, Urban Development Institute