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September 30, 2021

Dean Rear
General Manager and Chief Financial Officer
Metro Vancouver
Metrotower III
4730 Kingsway
Burnaby, BC V5H 0C6

Dear Mr. Rear:

Re: Development Cost Charges (DCCs) Update

The Urban Development Institute (UDI) and the Home Builders Association Vancouver (HAVAN) appreciated the opportunity to provide comments and ask questions regarding the update to the DCC rates for Liquid Waste infrastructure and the potential new regional Water DCC at the webinar forums on September 13 and 15, 2021. We would like to reiterate some of the recommendations and comments that were provided at the webinars.

The DCC Increases are Substantial

We understand that Metro Vancouver hired a third-party consultant to review the DCC increases to determine, at a high level, whether they will undermine the viability of projects, and that the consultant has indicated the new rates can be accommodated by the building sector. We are disappointed that this Report cannot be shared, so our members cannot review the findings. The proposed increases are significant. In the Vancouver Sewerage Area they will be over 80%. This is on top of a number of government induced cost increases for projects over the past few years, including:

- Increasing energy efficiency requirements under the *Energy Step Code*;
- New requirements to lower greenhouse gas emissions in buildings;
- A number of provincial tax increases on development lands;
- The TransLink DCC;
- The upcoming Regional Water DCC; and
- Several increases in municipal DCCs and Community Amenity Charges.

Individually, these increases can be difficult to manage; cumulatively, their impact is even more substantial.

The Need for More Notice

As we noted during the webinar forums, builders are purchasing development sites and making financial arrangements for projects right now. The earlier that they receive notice about new charges and costs, the easier it is for proponents to adjust for these changes in their pro formas. It is extremely difficult to accommodate rate increases after sites are purchased and financing is in place. As a result, projects can become unviable. This can result in them being deferred – or prices/rents having to be increased – both of which will make new homes and job spaces more expensive.

In the June 25, 2021 *Engagement Plan for Liquid Waste Development Cost Charge Program Update Report* to the Liquid Waste Committee, staff indicated that industry groups wanted discussions to occur about the update “... *once draft DCC rates were developed.*” Our members would prefer to receive much earlier notice about the magnitude of future rate increases – even if the estimates are approximations.

We are only now receiving information about substantial increases to Metro’s DCCs – over a year after the review began – and near the end of the process. **We recommend that for the Water DCCs and future DCC rate adjustments that Metro Vancouver provide the building sector with early estimates of the increases.** This will be especially important as the Region funds its multi-billion dollar infrastructure programs and reduces the assist factor for the DCCs over time.

Further, because the proposed increases are substantial and there has been little notice, we recommend that the Metro Vancouver have the Liquid Waste DCC increases come into effect at the end of 2022.

Support for Annual DCC Increases

To avoid large DCC increases, our organizations have long advocated for municipalities to increase their rates annually as allowed under the *Local Government Act*. Unfortunately, this tool is not available to Metro Vancouver under its legislation. **We support Metro Vancouver’s efforts to amend the *Greater Vancouver Sewerage and Drainage District Act*, to allow annual increases in DCCs, and to include similar provisions in the new Water DCC legislation.**

Water DCC Legislation

At the webinar forums, staff indicated that the legislation for the Water DCCs would mirror the DCC provisions in the *Greater Vancouver Sewerage and Drainage District Act*. We support this as it would ensure that there is consistency in the rules for Metro Vancouver’s DCCs, and our members are becoming more familiar with the Liquid Waste DCC regime. **However, if the provisions in the legislation for the Water DCCs are different than those for the Liquid Waste DCCs, we ask that Metro Vancouver conduct a consultation regarding those differences – before the new legislation is approved.**

Affordable Housing Waiver

Metro Vancouver staff have indicated that at this time, they are not considering changes to the current approach to DCC waivers and reductions. Some of our members have found that due to how the *Greater Vancouver Sewerage and Drainage District Development Cost Charge Bylaw* is written, the waiver is not being applied to social housing units provided by builders since DCCs are payable prior to BP issuance. This is occurring even though there are Section 219 Covenants under the *Land Title Act* and/or *Housing Agreements* that ensure the social housing will be transferred over to non-profit operators. **We ask that Metro Vancouver revisit this bylaw and amend it to either waive DCCs for developers on covenanted social / not-for-profit parcels or create a mechanism to refund the DCCs to the builder upon the delivery and transfer of title for this housing.**

Given that there is a substantial review of the Liquid Waste DCCs occurring and new legislation is being drafted for the Water DCCs, this would be an appropriate time to review the affordable housing waiver.

Again, thank you for the opportunity to provide comments on Metro Vancouver's DCC Update. We ask that you consider the recommendations we have made. If you have any questions about them, please do not hesitate to contact us.

Yours sincerely,



Anne McMullin
President & CEO, UDI



Ron Rapp
CEO, HAVAN