



Corporate NO: R048

Report COUNCIL DATE: March 6, 2000_

REGULAR COUNCIL

TO: Mayor & Council **DATE: February 28, 2000**

FROM: Manager, Utilities - Engineering Department **FILE: 5503-001**
General Manager, Planning & Development

SUBJECT: Development Cost Charges for Secondary Suites

RECOMMENDATION

That Council:

1. Authorize staff to review the DCC By-law to re-assess the DCC rate applicable to secondary suites; and
2. Authorize staff to pursue changes to the Municipal Act to eliminate the DCC exemption for Building Permits for buildings containing less than 4 dwelling units.

INTENT

The purpose of this report is to bring forward for Council's information and consideration the current situation that exists relative to the collection of DCCs for secondary suites and to present proposals to deal with this matter.

BACKGROUND

The current DCC By-law establishes DCC rates for the subdivision of land zoned to allow secondary suites. The by-law calls for the collection of such DCCs at the time of subdivision. However, when such land is subdivided, the City has no knowledge as to whether a secondary suite will in fact be constructed on the lots created. This is only determined at the building permit stage which occurs after subdivision. Consequently residential land developers requested that the City collect DCCs for secondary suites at the time of building permit issuance when the intention of building a secondary suite can be confirmed. City staff applied this approach for one small subdivision (6 lots). Collection of DCCs at the building permit stage has, however, proved to be not viable as the Municipal Act precludes the City from collecting DCCs at the building permit stage for buildings with 3 or less residential units. A secondary suite in a single family dwelling involves 2 dwelling units and, as such, DCCs cannot be collected.

This exemption means if the City is to collect DCCs for secondary suites, it must do so at the subdivision stage.

It is recognized that the Municipal Act exemption for 3 units or less creates a considerable inequity between DCC collections for different land owners. This inequity arises where, if an area is pre-zoned for secondary suites and a subdivision is required, DCCs are payable on the secondary suites. However, if an existing dwelling is rezoned to permit a secondary suite, no DCC is payable on either an existing or new secondary suite on the site. DCCs for secondary suites are also not payable if the site is pre-zoned for secondary suites but no subdivision is proposed. This puts the subdivision of land zoned for secondary suites at a significant economic disadvantage, as outlined below:

Land Prezoned for Secondary Suites	DCC	Amount
<ul style="list-style-type: none"> Subdivision involved 	Full DCCs payable (even if no suite constructed)	(\$16,905 for the single family lot and \$10,985 for the secondary suite potential) \$27,890 per lot
<ul style="list-style-type: none"> No subdivision involved (i.e. only Building Permit required for house and suite) 	No DCC payable*	\$0*
Land Zoned for Secondary Suites after Dwelling Exists		
<ul style="list-style-type: none"> No subdivision involved only Building Permit required for house and suite 	No DCC payable	\$0*
Land Not Zoned for Secondary Suites		
<ul style="list-style-type: none"> Subdivision 	Single lot RF DCC payable	\$16,905

* Original "parent" lot may have paid single family DCC rate which is currently \$16,900.

The current number of secondary suites (in all zones) in the City is estimated at 14,000. The area of land in the City designated RF-SS has the potential to yield up to approximately 2,400 secondary suite residences; however, the vast majority of the affected properties have no further subdivision potential. It is estimated that less than 100 lots may be created in these areas through subdivision.

DISCUSSION

The provisions of the Municipal Act have created a financial inequity between secondary suites that are created through the subdivision of secondary suite zoned land which are required to pay DCCs, and the thousands of existing secondary suites that could potentially legalize through a rezoning process but which, under the current Municipal Act, would be exempt from paying DCCs.

To deal with this situation, the following approach is proposed:

1. Request the Provincial Government to eliminate "less than 4 unit" DCC exemption from the Municipal Act; and
2. Undertake a review of DCC rates applicable to secondary suites with a view of reducing the rates, if appropriate.

Based on initial contacts, the Province appears to be receptive to eliminating the exemption. However, they propose to seek stakeholder input before making a final decision on this issue.

Current secondary suite DCCs were calculated on being equivalent to an average size highrise apartment unit. The current charge is \$10,985 per unit. City staff have received several complaints from developers that the secondary suite DCC rate is too high. The rate needs to be reviewed in light of census and other data to determine if it is still valid, relative to the impact of a secondary suite on the City's infrastructure and park needs.

The above actions may also help resolve a potential DCC problem in East Clayton where the land use plan envisages the potential for small second "coach-type" houses on some lots. Developers have advised that unless the DCCs for secondary suites are reduced and collected at the time of building permit issuance, development in East Clayton may not be economically viable. This is further confirmation that the City needs the ability to collect for secondary suites at time of building permit issuance.

CONCLUSION

The existing application of DCCs for secondary suites gives rise to considerable inequities between properties. It is recommended that Council authorize staff to review the DCC rates applicable to secondary suites with a view to reducing such rates and to pursue changes to the Municipal Act to eliminate the "less than 4 units" exemption for DCCs.

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