



Corporate

NO: R191

Report

COUNCIL DATE: September 10, 2001

REGULAR COUNCIL			
TO:	Mayor & Council	DATE:	August 31, 2001
FROM:	General Manager, Planning and Development	FILE:	15002-02600
SUBJECT:	Sunnyside Villas Society at 15002 – 26th Avenue		

RECOMMENDATION:

It is recommended that Council:

1. receive this report as information;
2. authorize staff to proceed with Option 3 of this report in relation to reviewing the DCCs that are payable on seniors housing projects; and
3. authorize staff to forward a letter to the Sunnyside Villas Society advising the Society of Council's decision.

BACKGROUND:

During late 2000, the City of Surrey issued a building permit to Sunnyside Villas Society for the construction of 30 dwelling units as the newest phase of their supported seniors' housing project at 15002 – 26 Avenue. At the time of building permit issuance in accordance with the requirements of the City's Development Cost Charge (DCC) By-laws, the Society was required to pay to the City DCCs in the amount of \$217,510 in addition to the GVS&DD DCCs. The City's DCC By-laws allow developers to pay DCCs in 3 equal instalments, a third being collected at the time of building permit issuance and a third on each of the first and second anniversaries of the date of the first payment. As such, at the time of building permit issuance the Society paid \$72,503.34 in cash being one third of the total and provided a Letter of Credit to the City for the remaining two thirds of the DCCs.

On June 13, 2001 the Sunnyside Villas Society forwarded a letter to the City (copy attached) requesting that the City waive all or a portion of the outstanding DCC payments for their project. This request was based on the fact that amendments have been made to the Local Government Act that allow local governments the authority to reduce or waive DCCs for not-for-profit rental housing projects.

The construction of the Sunnyside Villas seniors housing project is being funded through BC Housing (a Provincial government agency) and based on the letter from the Society, it is understood that the funding was insufficient to cover the costs of the project.

DISCUSSION:

Section 933(12) of the Local Government Act states that a local government may provide assistance for not-for-profit rental housing projects by waiving or reducing Development Cost Charges.

The City's DCC By-laws and related policies make no provision for reducing or waiving DCCs for any land development projects that would otherwise be required to pay DCCs. As such, staff has no authority to reduce or waive DCCs for any project that would otherwise be required to pay DCCs including not-for-profit rental housing projects.

The City's DCCs are established to equitably recover the costs of providing engineering services and park acquisition for each of the various categories of land development projects in the City. As such, the charge is based on the **impact** that the particular category of development has on each of the engineering services (roads, water, sewer and drainage) and park acquisition needs. The capital costs of providing the engineering services and park acquisition is then apportioned to the various categories of development based on their relative impacts.

The remainder of this report will describe and evaluate options in relation to the introduction of a DCC by-law amendment regarding the possible reduction or waiver of DCCs specifically in relation to not-for-profit rental housing projects.

Option 1: Maintain the Status Quo (No Reduction or Waiver)

Under this option, the City would simply continue the practice of charging DCCs on the basis of the current rates for engineering services and parks for all projects including not-for-profit seniors housing projects as stipulated in the DCC By-laws.

Pros:

- Would maintain equity between different types of land development projects in relation to paying for engineering services and park acquisition.
- Other types of land development projects would not be put in a position of having to bear the costs associated with the non-payment of DCCs by not-for-profit rental housing projects, particularly under the current economic conditions where developers are already voicing strong concerns regarding the high costs associated with land development projects.
- Will not set a precedent for other types of housing projects that are funded by the senior governments to expect a reduction or waiver of DCCs.

Cons:

- Will not satisfy the Sunnyside Villas Society since no reduction or waiver of their DCCs will be available.
- Will not act to encourage the development of not-for-profit rental housing.

Option 2: Introduce a By-law Amendment to Waive or Reduce DCCs for Not-for-Profit Rental Housing Projects

Under this option the Council would adopt an amendment to the DCCs By-laws that would act to reduce or eliminate the payment of DCCs for not-for-profit rental housing projects.

Pros:

- Will encourage the development of not-for-profit rental housing projects

Cons:

- Will require that the DCCs for other categories of development be raised to offset the revenues lost through the reduction or waiver of DCCs for not-for-profit rental housing which is inequitable and will probably not be well received by the development industry generally, particularly in the current economic times where the industry is already complaining about the high fees, charges and costs associated with land development projects.
- Will in reality represent a downloading of provincial and federal government responsibility on the City. The delivery of social programs including the funding for and delivery of housing assistance falls under the mandate of the provincial and federal governments. The fact the Local Government Act was amended to allow such a waiver or reduction in DCCs does not mean that the City has a responsibility to adopt a waiver or reduction in DCCs and, in fact, the amendment to the Local Government Act may be viewed as a means by which to incrementally transfer responsibility from the provincial government to local governments without providing a suitable and sustainable funding source.
- This approach will not satisfy the Sunnyside Villas Society since DCC rate changes cannot be applied retroactively to projects which have paid DCCs (whether the DCCs are paid in cash or by way of cash and Letter of Credit) and for which building permits have been issued. This relates both to the restrictions of the DCC legislation and to the fact that City by-laws tend to change/evolve over time and it would be impossible to carry on civic business effectively if each time a policy or by-law changed it was made retroactive to every project that had been approved historically in the City. The administration of the City's business would become virtually impossible to undertake effectively.

Option 3: Review the DCC By-laws to Determine whether the DCCs Being Collected on Seniors Housing Projects are Appropriate

Under this option, City staff will undertake a review of the DCCs being collected on seniors housing projects to determine if the DCCs should be reduced based on a reassessment of the impacts that these projects have on engineering services and parks acquisition in comparison to other types of residential development. Based on an analysis undertaken by the Engineering Department, it appears that a reduction in the DCCs for seniors' housing projects has merit. The Engineering Department is currently completing an overall review and update of the City's DCC By-laws.

Pros:

- The DCCs for seniors' housing projects may be reduced on an equitable basis with other categories of land development projects (i.e, based on the relative impacts of the various categories of development) and, as such, would be more acceptable to the development community and at the same time would make development of seniors' housing projects more attractive.
- The City would not be viewed as taking on funding responsibilities related to housing that are fundamentally the responsibility of the provincial and federal governments.
- The calculation of DCCs would be maintained on the basis of project impact which is the traditional approach used by the City.
- The administration of the DCC By-laws would remain straight forward since DCCs would still be collected on all projects without exception.
- This approach would not set a precedent for other types of provincial or federal government-funded housing projects to expect a DCC reduction or waiver.

Cons:

- This approach will not satisfy the Sunnyside Villas Society since DCC rate changes cannot be applied retroactively to projects which have paid DCCs (whether the payment is in cash or by way of cash and Letter of Credit) and for which building permits have been issued. This relates to both the restrictions of the DCC legislation and the fact that City policies and by-laws tend to change/evolve over time and it would be impossible to carry on civic business effectively if each time a policy or by-law changed it was made retroactive to every project that had been approved historically in the City. The administration of the City's business would become virtually impossible to undertake effectively.

Results of Evaluation:

Based on the above evaluation Option 3 is recommended since it provides for an equitable sharing of the capital costs of engineering services and parks acquisition between the various categories of land development projects and at the same time may offer some relief in relation to the DCC costs to seniors housing projects based on a review of the relative impacts of these projects in comparison to other types of land developments. Option 2 is considered to be problematic in that it will create inequity relative to the funding of land development projects and will "de facto" represent a down loading of the responsibilities of the senior levels of government on the City as a local government.

None of the options will satisfy the request of the Sunnyside Villas Society for a reduction or waiver in the DCCs for which they are responsible for paying on the most recent phase of their project at 15002 – 26th Avenue involving 30 dwelling units. This relates to the fact that changes in City fees or charges and policy or by-law amendments are not applied retroactively.

CONCLUSION:

Based on the above analysis, it is recommended that Council authorize staff to proceed with Option 3. It is further recommended in response to the letter received on June 13, 2001 that staff be authorized to forward a letter to the Sunnyside Villas Society advising the Society of Council's decision.

Murray Dinwoodie

General Manager

Planning and Development

MDD/mm

Attachment:

Copy of letter, dated June 13, 2001, from Sunnyside Villas Society

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