

District of Saanich

Development Cost Charges (DCC) Review
Committee of the Whole – January 28th, 2019



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Presentation Overview

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- Stakeholders and Community Consultation
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- Summary
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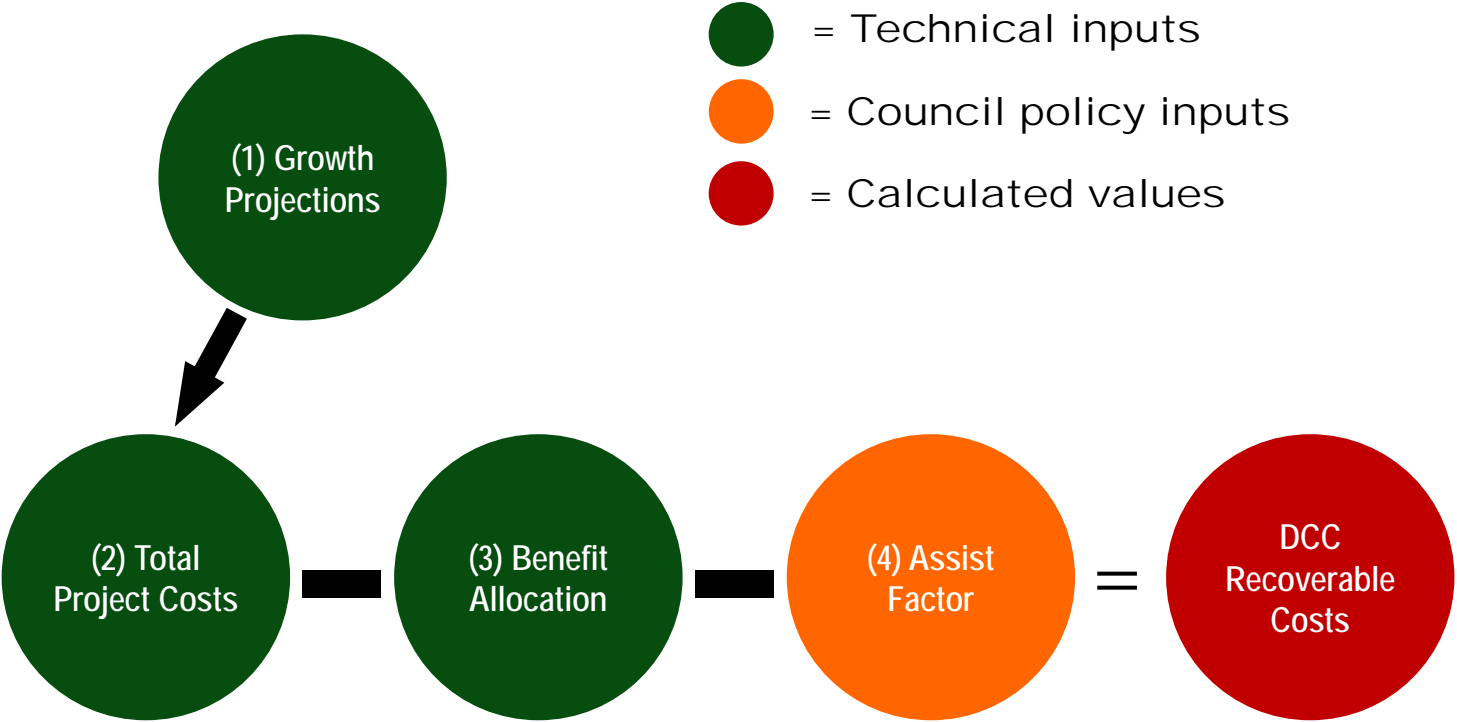


Project Background

- The last major DCC update was years ago.
- The previous DCC Program was complex – 12 local areas with area-specific DCC rates for water, sewers, roads and drainage.
- In 2017, a DCC Transition Program (*Phase 1*) was approved by Council which:
 - Reduced the number of areas
 - Combined several DCC reserve funds, and
 - Established a new capital reserve to allow in-stream projects to proceed in the interim
- Urban Systems was retained to assist the District in undertaking a major update to the DCC Program (*Phase 2*), anticipated completion in early 2019.
- Previous Council Presentation (July 2018): Presented and collected feedback on the proposed Draft DCC program, Rates and Bylaw.



Establishing DCC Rates



Establishing DCC Rates

(1) Growth Projections

Project timing and priorities over the 20 year time horizon (2018 – 2037) based on where growth is occurring. Forecast for 8,000 units over 20 years (70% Multi-family, 30% single-family).

(2) How Projects are Identified

DCC projects are based on where new development is occurring over the next 20 years (i.e. where new services will be required), master planning processes and staff inputs.

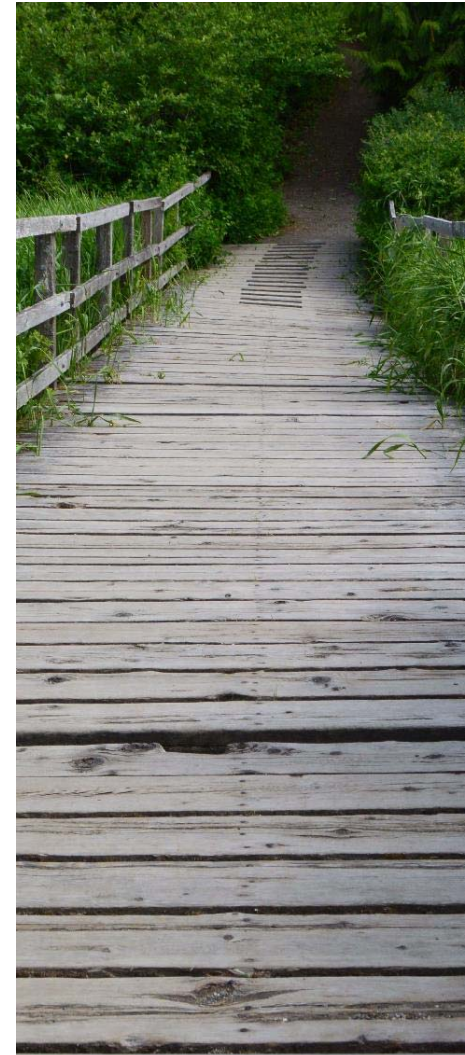
(3) Benefit Allocation

Used to calculate the proportion of capital costs attributable to new development. Reflects the benefit of each project to the existing community, and new development.



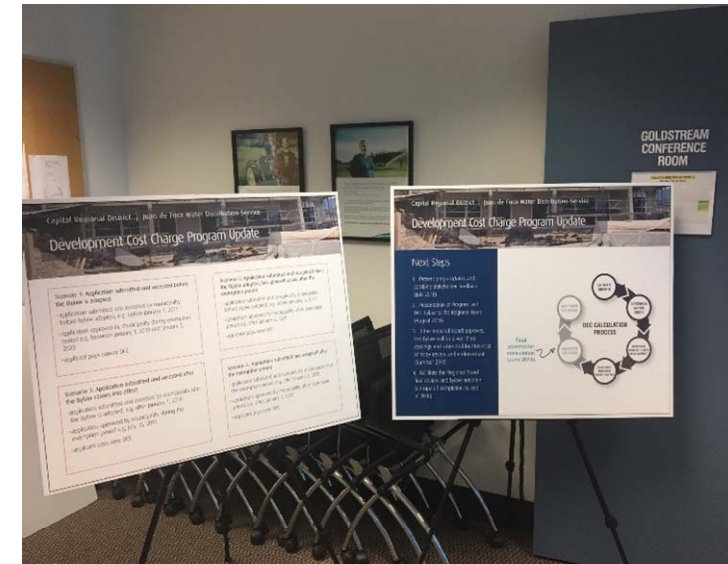
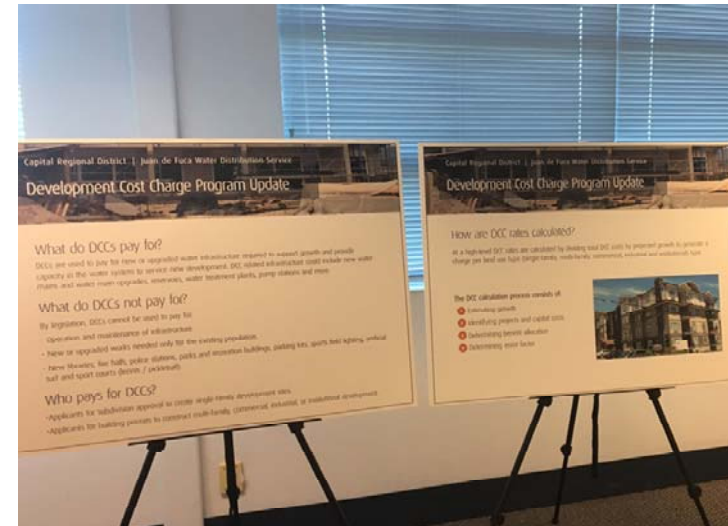
(4) Municipal Assist Factor

- The Local Government Act requires municipalities to “assist” future development.
- Legislation, the actual amount is **set by each Council** – can vary from 1% (least amount of assist) to 99% (most amount of assist).
- Most communities select a Municipal Assist Factor of between 1% and 5%. Saanich’s current Assist Factor is **1%**.
- Assist factor can be different for each category of infrastructure.



Stakeholders and Community Consultation

- Two developer sessions and two public open houses were completed to provide information to members of the general public & the development community.
- Key Stakeholders:
 - Urban Development Institute (UDI) Capital Region
 - Canadian Home Builders Association (CHBA)
 - Victoria Real Estate Board (VREB)
 - Saanich Community Association Network (SCAN)
 - Victoria Residential Builders Association (VRBA)
- The District's website has been used to provide information, updates, and advertising for engagement events.



Consultation Feedback

During the second round of consultation held July, 2018, the public expressed general support for the use of DCCs and the Draft DCC rates proposed. However, there were some concerns expressed by developer stakeholders including:

- The proposed rates were too high;
- A request to phase in the DCC rates changes, noting that the timing was challenging due to high land and construction costs, as well as recent provincial taxes imposed (e.g. speculation tax / vacancy tax) and the Building Step Code requirements;
- A request to increase the municipal assist factor; and
- A request to consider DCC waivers and reductions for affordable housing developments.



Addressing Stakeholder Concerns

- Draft rates are now **20% lower for residential development** and about **15% lower for non-residential development**

Land Use	Unit	Previous Draft DCC Rates July 2018	Current Draft DCC Rates January 2019	Change in Rates Since July
Single Family	per lot	\$16,360	\$13,498	- \$2,862
Duplex/Triplex/Quadplex	per unit	\$13,020	\$10,700	- \$2,320
Townhouse/Rowhouse	per unit	\$11,502	\$9,469	- \$2,033
Apartment	per unit	\$9,314	\$7,624	- \$1,690
Commercial	per m ² of gross floor area	\$78.80	\$66.69	- \$12.11
Industrial	per m ² of gross floor area	\$27.32	\$23.43	- \$3.89
Institutional	per m ² of gross floor area	\$78.80	\$66.69	- \$12.11

- **Recommendation** to phase in the new DCC rates over a three year period using the Municipal Assist Factor.
- **Recommendation** to direct staff to potentially further address developer concerns through DCC waivers or reductions for not-for-profit affordable housing (Phase III).



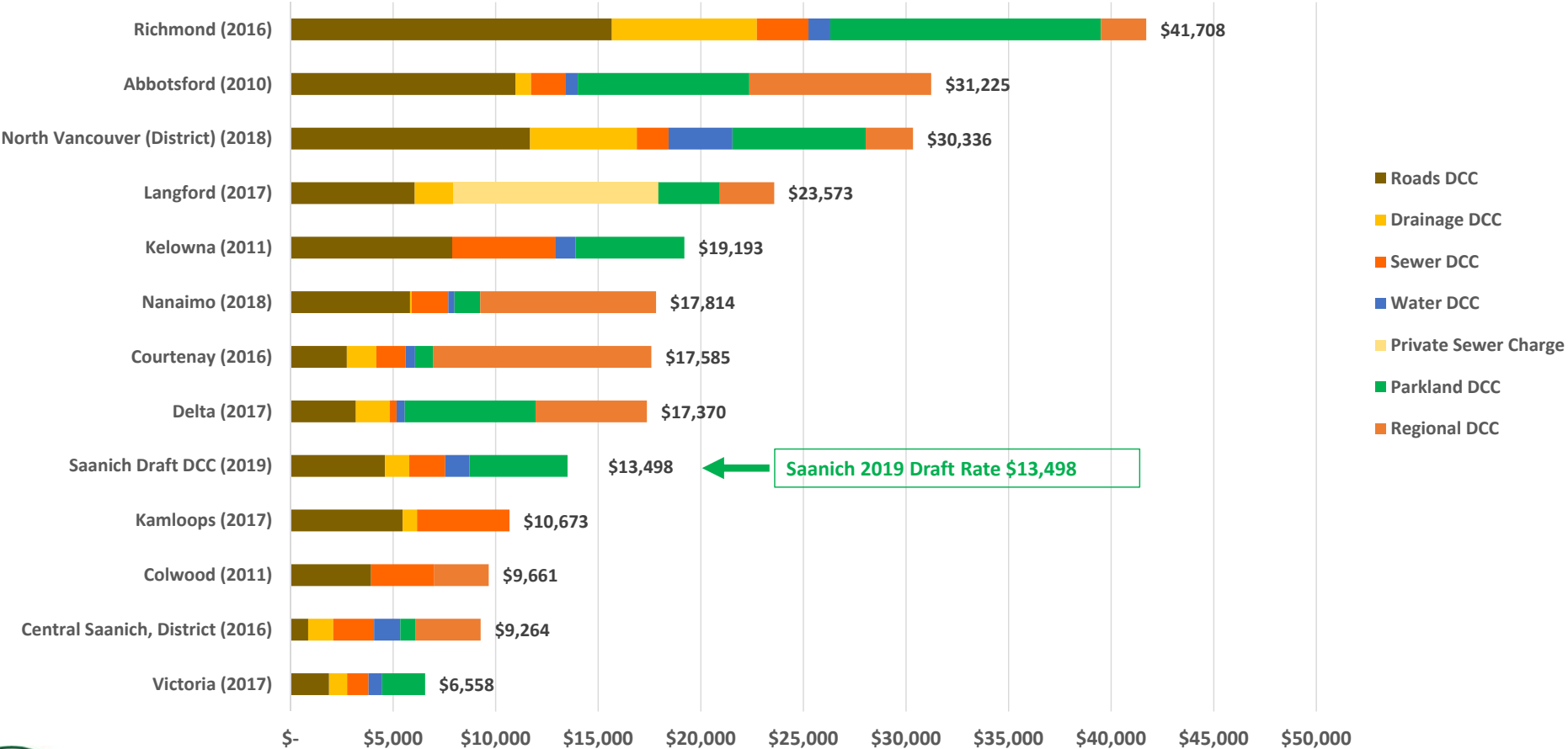
Draft Saanich DCC Rates*

*DCC Rates are preliminary to January 28th, 2019, however, minor changes may occur as updated reserve fund information is provided.

Land Use	Unit	Transportation	Transportation Cordova Bay	Drainage	Sanitary Sewer	Water	Park Acquisition	Park Development	Total	Total (Cordova Bay)
Single Family	per lot	\$4,604	\$1,285	\$1,182	\$1,752	\$1,180	\$3,862	\$918	\$13,498	\$14,783
Duplex/Triplex/ Quadruplex units	per unit	\$3,821	\$1,067	\$709	\$1,402	\$944	\$3,090	\$734	\$10,700	\$11,767
Townhouse / Row house units	per unit	\$3,361	\$938	\$709	\$1,227	\$826	\$2,704	\$643	\$9,469	\$10,407
Apartment	per unit	\$2,808	\$784	\$343	\$1,016	\$684	\$2,240	\$532	\$7,624	\$8,408
Commercial	per m ² of gross floor area	\$45.12	\$12.59	\$3.78	\$8.06	\$5.43	\$3.48	\$0.83	\$66.69	\$79.28
Industrial	per m ² of gross floor area	\$13.35	\$3.73	\$2.60	\$3.33	\$2.24	\$1.54	\$0.37	\$23.43	\$27.16
Institutional	per m ² of gross floor area	\$45.12	\$12.59	\$3.78	\$8.06	\$5.43	\$3.48	\$0.83	\$66.69	\$79.28



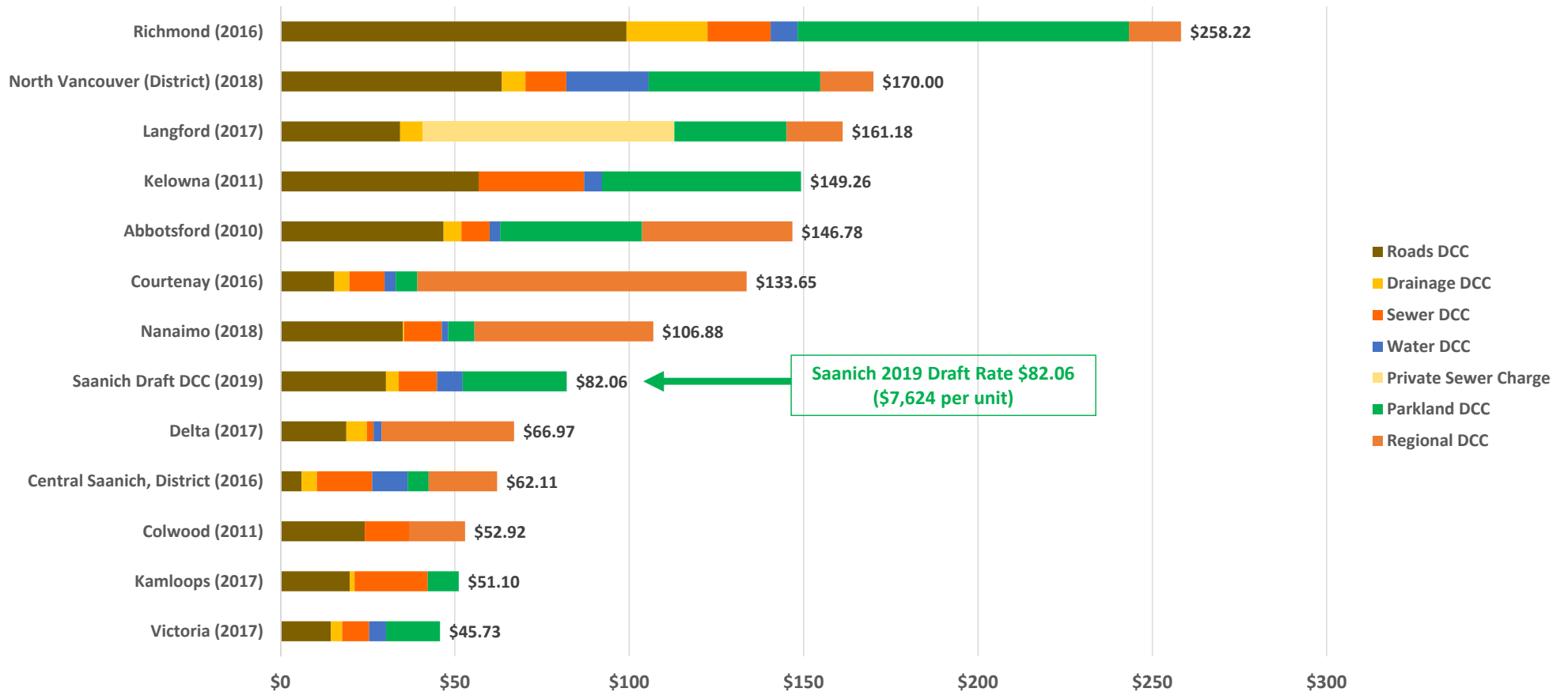
Single Family Rate Comparison



Notes:
 - Langford includes Corix Sewer Fees
 - Kelowna rates assume Sector A Inner City.



Apartment Rate Comparison

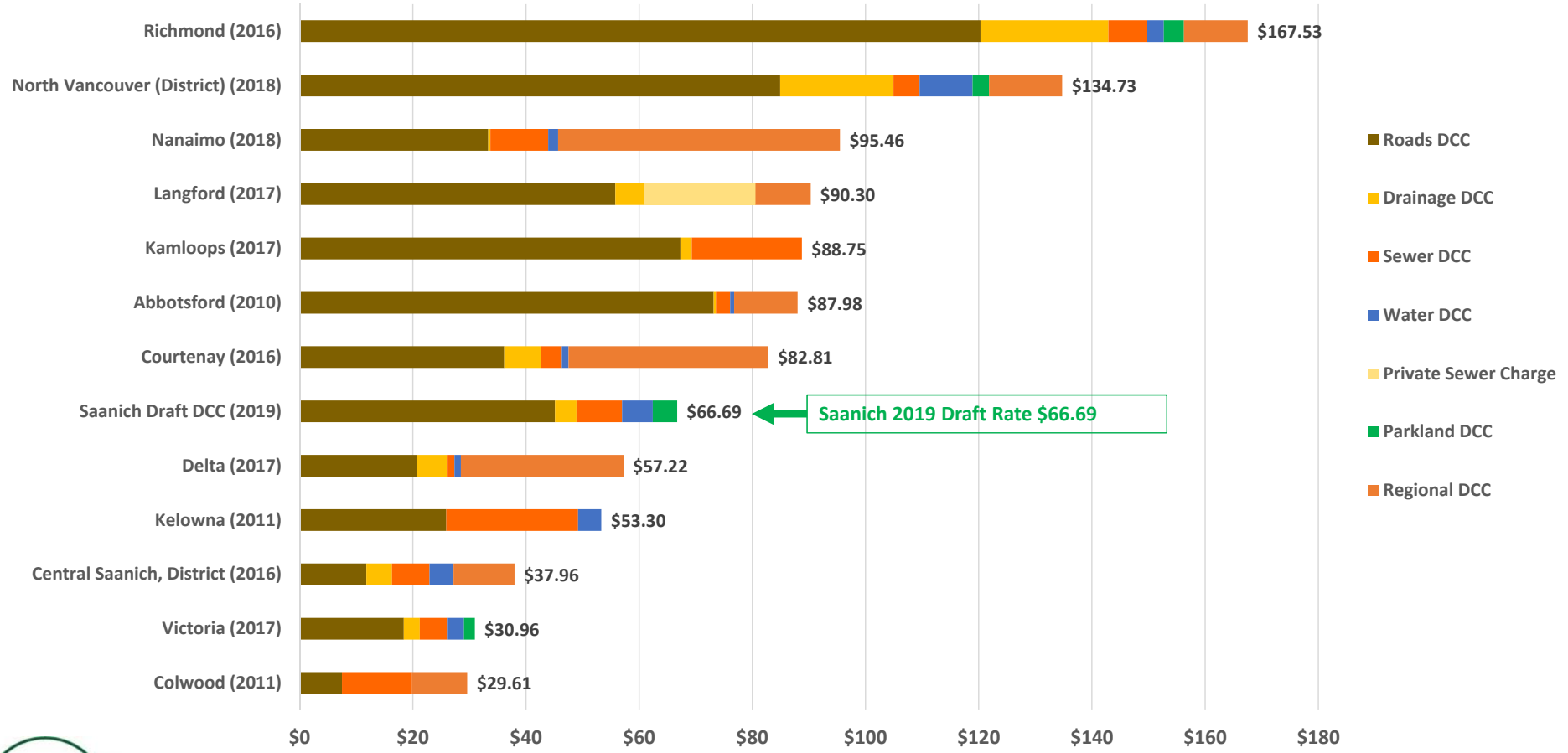


Notes:

- Langford includes Corix Sewer fees
- Where necessary, rate conversion from per unit to per sq.m. assumes unit size of 92.9 sq.m. (1,000 sq.ft.)
- Kelowna rates assume Sector A Inner City.



Commercial Rate Comparison

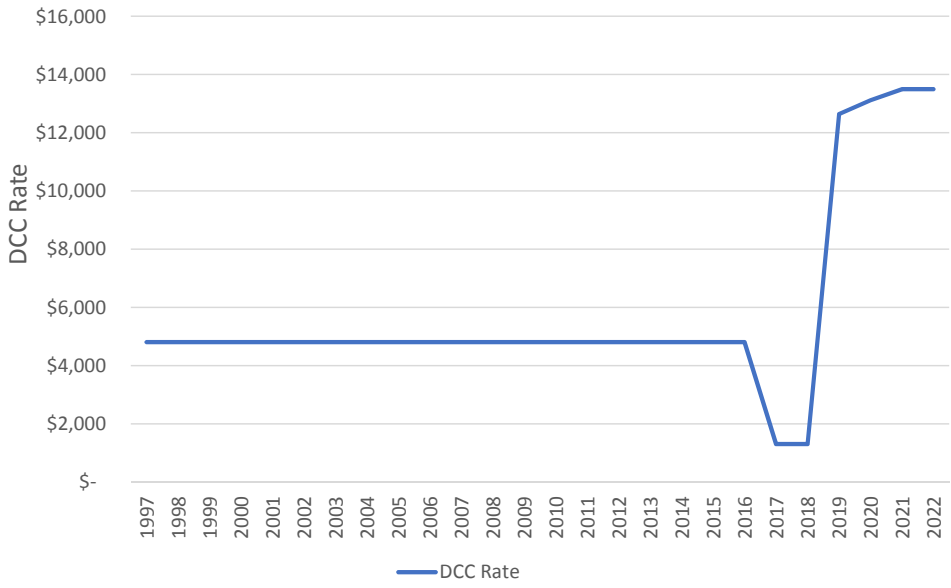


Notes:
 - Langford includes Corix Sewer Fees for new development
 - Where necessary, drainage rate per ha is converted to per sq.m. assuming 0.8 FSR.
 - Kelowna rates assume Sector A Inner City.

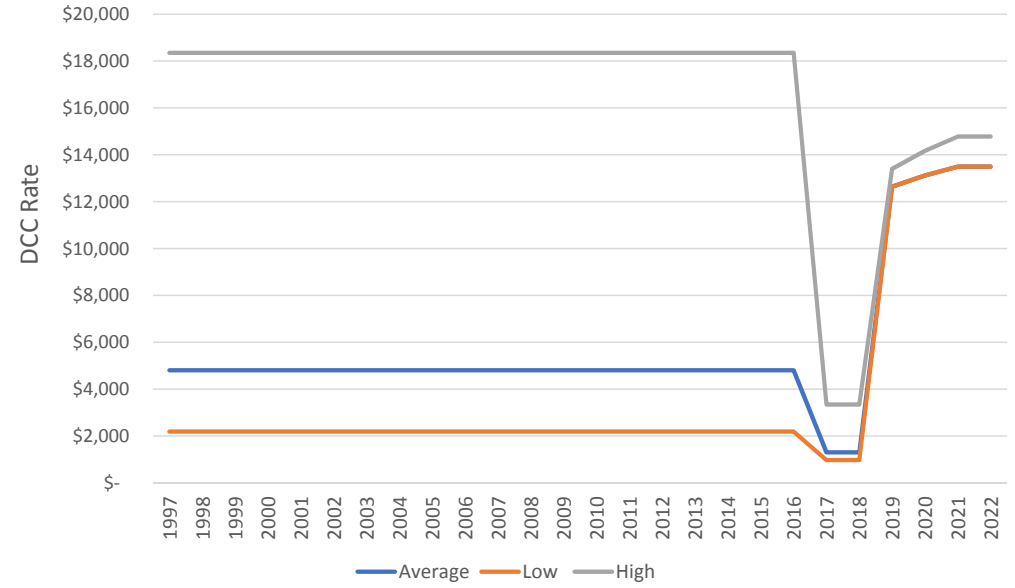


DCC Rates Over Time

District of Saanich Average Single Family DCC Rates 1997 - 2022



District of Saanich Single Family DCC Rates 1997 - 2022 (Low, Average and High)



Notes

1. 1997 to 2016 rates reflect an average of the area rates for SF development (per unit)
2. 2017 to 2018 rates reflect transition program - the four Park Quadrant rates have been averaged.
3. Rate for 2019 reflect phased in rate with 10% Municipal Assist for Tr. & Park Acquisition
4. Rate for 2020 reflects phased in rate of 5% Municipal Assist for Tr. & Park Acquisition
5. Rate for 2021 reflect rates at 1% Municipal Assist for Tr. And Park Acquisition
6. High rate: 1997 – 2016 Gordon Head-C Area DCC, 2017-18 for Cordova Bay & NE Parks Quadrant, in 2019-2022 for Cordova Bay



DCCs Compared to Average Housing Prices in Saanich

	Previous Rates (2005)			Proposed Rates (2019)
	Low	Average	High	
Single-family				
DCC (per unit)	\$2,192	\$4,809	\$18,351	\$13,498
Ave. House Price	\$360,450	\$360,450	\$360,450	\$825,050
Apartment				
DCC (per unit)	\$2,192	\$4,809	\$18,351	\$7,624
Ave. Condo Price	\$166,500	\$166,500	\$166,500	\$420,650
Comparison of DCC rates as a percentage of the average cost of housing				
Single-Family	0.61%	1.33%	5.09%	1.63%
Apartment	1.32%	2.89%	11.02%	1.81%



District Finance Considerations

Infrastructure Component	Total DCC Program Costs (Millions)
Transportation	\$138.79 M
Transportation (Cordova Bay)	\$11.55 M
Drainage	\$29.35 M
Sanitary	\$30.67 M
Water	\$29.36 M
Park Acquisition	\$30.75 M
Park Development	\$17.37 M
Total	\$ 287.8 M

- Municipality is required to fund "non-growth" and "assist" portions of the DCC program – Approximately \$182.5 million over 20 years.
- Any amount of DCC's waived or reduced must be made up by general revenue and cannot be passed on to other new developments.
- Funding for growth related infrastructure cannot use funding allocated for renewal of infrastructure.
- Transportation, Drainage, Water and Sewer portions can be managed within existing budget allocations
- Park Development and Park Acquisition portions will require an increase of \$498,000 annually to accommodate new park assets

Developers only pay a portion Total DCC Program Costs.



Cost to Developers
\$105.3 M (37%)

Cost to Municipality
\$182.5 M (63%)



Phasing in Rates

- The *Local Government Act* allows to Council to Phase in DCC rates by temporarily applying a Municipal Assist Factor to the whole DCC program or selected infrastructure categories (i.e. transportation, parks, etc.).
- Phasing in the DCC Rates will help address developer concerns by allowing a period of adjustment before the new rates are fully implemented.
- **Recommendation** – To use the Municipal Assist Factor to phase in the new rate over three-years for three infrastructure categories – 1) Transportation, 2) Transportation Cordova Bay (Area-specific), and 3) Park Acquisition:
 - Municipal Assist Factors for these three categories would be set at **10% in Year 1** (2019/2020), **5% in Year 2** (2020/2021) and finally **1% in Year 3** (2021).
 - The Municipal Assist Factor under the current DCC program will remain at **1%** for the other categories (i.e. Drainage, Water, Sewer and Park Development).



Phasing in Rates

Phase In Timing		Year 1 (2019/ 2020)*	Year 2 (2020 / 2021)*	Year 3 (2021)*
Land Use	Unit	Phased in DCC (10% MAF - Transportation, Transportation Cordova Bay and Park Acquisition)	Phased in DCC (5% MAF- Transportation, Transportation Cordova Bay and Park Acquisition)	Base DCC Rate (1% MAF - for All Categories)
Single Family	per lot	\$12,646	\$13,119	\$13,498
Duplex/Triplex/Quadplex units	per unit	\$10,005	\$10,391	\$10,700
Townhouse/Rowhouse units	per unit	\$8,858	\$9,197	\$9,469
Apartment	per unit	\$7,116	\$7,398	\$7,624
Commercial	per m ² of gross floor area	\$61.84	\$64.54	\$66.69
Industrial	per m ² of gross floor area	\$21.95	\$22.77	\$23.43
Institutional	per m ² of gross floor area	\$61.84	\$64.54	\$66.69

* Assumes Final DCC Bylaw Adoption in 2019

Using the municipal assist factor to phase in the rates over a three year period would further reduce the DCC rates by about **\$850 (per lot) for single family lots** and **about \$500 (per unit) for apartments** in the first year. In the second year the rate would be reduced by about **\$380 for single family lots** and **\$230 for apartments**.



Summary

- Updated DCCs rates have been prepared and are comparable with other municipalities across the Province.
- When one factors in other development related charges, Saanich's proposed development fees are anticipated to fall between those set by Langford and Victoria.
- Transportation (34%) and Parks Acquisition (29%) represent the greatest proportion of the total DCC program value (\$). Parks largely due to increased property values.
- The four area-specific DCC programs for parks are collapsed and merged into two municipal-wide parks DCC programs – one program for Park Acquisition and one for Park Development projects.
- The Municipal portion of the program has capital planning and budget implications.





Next Steps

- Vet draft DCC program with the Ministry staff in advance of sending the formal request for review.
- Council presentation and approval of final DCC rates. If Council approves the rates the Bylaw will be given three readings and submitted to the Ministry for formal review and endorsement.
- Bylaw adoption upon approval by the Ministry.

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**QUESTIONS?
THANK YOU!**



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