

DATE OF MEETING January 14, 2018

AUTHORED BY SHEILA GURRIE, CITY CLERK AND CORPORATE OFFICER

**SUBJECT 2019 ASSOCIATION OF VANCOUVER ISLAND AND COASTAL COMMUNITIES RESOLUTIONS**

## **OVERVIEW**

### **Purpose of Report**

To present for Council's consideration, resolutions for submission to the Association of Vancouver Island and Coastal Communities for consideration at the 2019 Annual General Meeting and Convention.

### **Recommendation**

That Council provide direction regarding the following resolutions:

a. Development Cost Charges

WHEREAS the Local Government Act currently restricts the imposition of Development Cost Charges to areas of sewage, water, drainage, highway facilities and park land;

AND WHEREAS new development creates capital cost burdens on municipalities in other areas, such as emergency services, solid waste management, and recreational and cultural facilities;

THEREFORE BE IT RESOLVED that Association of Vancouver Island and Coastal Communities and Union of BC Municipalities request the provincial government amend the Local Government Act to allow for the imposition of Development Cost Charges in areas other than sewage, water, drainage, highway facilities and park land.

b. Property Taxation:

WHEREAS Section 193 of the Community Charter restricts a municipality from imposing fees or taxes except as expressly authorized under the Community Charter or another Act;

AND WHEREAS urban sprawl creates higher infrastructure costs, transportation costs, and other expenses borne by society;

AND WHEREAS municipalities attempt to control urban sprawl whilst encouraging healthier lifestyles and alternative modes of transportation;

THEREFORE BE IT RESOLVED that the provincial government amend the Community Charter to allow municipalities to adjust their property tax rates by setting density brackets in their jurisdiction, to use at their discretion, as an incentive to

reduce urban sprawl and as a method of assigning infrastructure and maintenance costs more accurately amongst end users.

## **BACKGROUND**

The Association of Vancouver Island and Coastal Communities (AVICC) 2019 Annual General Meeting and Convention is held from 2019-APR-12 to 14 in Powell River. As part of the Annual General Meeting, AVICC invites its members to submit resolutions on subjects of provincial or AVICC-wide interest that fall within local government jurisdiction. Resolutions endorsed at the AVICC Annual General Meeting are automatically forwarded to the Union of British Columbia Municipalities (UBCM) for discussion and consideration at the UBCM Annual General Meeting. The deadline for receipt of resolutions is 2019-FEB-07.

At the Special Council Meeting held 2018-DEC-10, Council directed Staff to prepare draft resolutions for Council consideration on these topics:

### **1. Development Cost Charges**

*It was moved and seconded that Council direct Staff to prepare a motion for submission to the Association of Vancouver Island and Coastal Communities regarding Development Cost Charges for additional items such as fire halls, recreation centres, expanded facilities, expanded park considerations and cultural facilities to be considered by the provincial government and the appropriate legislation.*

Staff have prepared the following resolution for submission:

WHEREAS the Local Government Act currently restricts the imposition of Development Cost Charges to areas of sewage, water, drainage, highway facilities and park land;

AND WHEREAS new development creates capital cost burdens on municipalities in other areas, such as emergency services, solid waste management, and recreational and cultural facilities;

THEREFORE BE IT RESOLVED that Association of Vancouver Island and Coastal Communities and Union of BC Municipalities request the provincial government amend the Local Government Act to allow for the imposition of Development Cost Charges in areas other than sewage, water, drainage, highway facilities and park land.

### **2. Property Taxation**

*It was moved and seconded that Council direct Staff to prepare a motion for submission to the Association of Vancouver Island and Coastal Communities regarding property taxation being reviewed to permit taxation based on population density, in addition to other taxation methods, as an additional tool for municipalities to enforce at their discretion.*

Staff have prepared the following resolution for submission:

WHEREAS Section 193 of the Community Charter restricts a municipality from imposing fees or taxes except as expressly authorized under the Community Charter or another Act;

AND WHEREAS urban sprawl creates higher infrastructure costs, transportation costs, and other expenses borne by society;

AND WHEREAS municipalities attempt to control urban sprawl whilst encouraging healthier lifestyles and alternative modes of transportation;

THEREFORE BE IT RESOLVED that the provincial government amend the Community Charter to allow municipalities to adjust their property tax rates by setting density brackets in their jurisdiction, to use at their discretion, as an incentive to reduce urban sprawl and as a method of assigning infrastructure and maintenance costs more accurately amongst end users.

## **DISCUSSION**

### **1. Development Cost Charges**

The *Local Government Act* allows local governments to impose Development Cost Charges (DCCs) for the purposes of providing funds to assist in the capital cost of projects required to support new growth, including:

- a) providing, constructing, altering or expanding sewage, water, drainage and highway facilities; and,
- b) providing and improving park land.

While the legislation places no restrictions on the standards or elements associated with the majority of the categories, parks DCCs are specifically restricted and limited to the capital cost associated with:

- i) Acquiring park; or,
- ii) Providing fencing, landscaping, drainage and irrigation, restrooms, changing rooms and playground and playing field equipment on park land.

The Province provides further guidance through the DCC Best Practices Guide which includes the following interpretation of what is deemed to be an eligible park DCC project:

- “Landscaping includes the construction of playing fields (levelling ground, planting grass and other plant material) but does not include the construction of parking lots or access roads.
- Irrigation includes sprinkler systems.
- Playground and playing field equipment includes items normally classified as equipment such as swings and slides, but does not include buildings or structures such as dugouts, bleachers, or field houses. The term also does not

include the construction of tennis or basketball courts, baseball diamonds, tracks or the installation of lighting systems.”

- *DCC Best Practices Guide*

As part of the most recent City of Nanaimo DCC bylaw review artificial turf playfields were included in the original list of proposed park DCC projects. Upon review of the draft bylaw the Province (Ministry of Municipal Affairs and Housing) deemed the artificial fields as ineligible projects and required them to be removed from the DCC project list.

The City complied with the requirement and removed the proposed artificial turf fields from the project list prior to the adoption of the associated revised DCC bylaw. In response to this issue Council did pass the following motion:

"WHEREAS The Province, through the Local Government Act, (Section-566(2)(b)) allows communities to collect Development Cost Charges for investments in limited park improvements;

AND WHEREAS The Province through the Ministry of Municipal Affairs and Housing has interpreted the legislation so as to allow some forms of park and playfield improvements and not others;

THEREFORE BE IT RESOLVED that the Association of Vancouver Island Coastal Communities request the Province amend the Local Government Act in order to allow local government's greater flexibility in determining and funding park and playfield improvements that are required by community growth."

The motion was a late item for Association of Vancouver Island Coastal Communities (AVICC) and as a result was forwarded directly to Union of BC Municipalities (UBCM). Although the City of Nanaimo motion was ultimately not considered at the 2018 UBCM convention there was an almost identical motion from West Kelowna which was considered and endorsed. The West Kelowna motion, along with other recent UBCM resolutions regarding DCCs and the financing of growth are included as Attachment A.

## 2. Property Taxation

The *Community Charter* allows municipalities to impose property value taxes on properties within their defined jurisdictions.

Property value tax is the principal source of revenue for most local governments. It is a tax levied on the value of land and improvements (i.e. building and fixtures). Municipalities may levy property value taxes for their own needs, and can levy taxes on behalf of other public authorities (for example, boards and hospitals).

Municipalities generally have broad authority to set tax rates. While tax rates may not vary within a property class (all Residential (Class 1) properties are taxed at the same rate), tax rates may vary between different property classes (the Residential (Class 1) tax rate may vary from the Business (Class 6) tax rate). Setting different tax rates for different property classes is referred to as a variable rate taxation system.

Municipalities levy property value taxes based on the tax revenue needs set out in their annual budget (financial plan). Property value taxes are calculated by applying a set tax rate against the assessed value of a property.

Municipal tax rates are annually set by the municipal council, and the assessed values are set independently by BC Assessment.

Once a municipality has determined the total amount of proper value tax to raise, it must then determine how to apportion that tax burden over the nine property classes. A guiding principle for determining the apportionment would be the Statement of Objectives and Policies for Taxation required as part of the annual municipal budgeting process.

Once the tax apportionment to each property class is determined, the municipality will then set a tax rate for each class sufficient to raise the necessary tax revenue to meet its annual budgetary needs.

The current language in the *Community Charter* does not allow for variations in the classes to allow municipalities to adjust their property tax rates as an incentive to reduce urban sprawl and as a method of assigning infrastructure and maintenance costs more accurately amongst end users.

Other municipalities have submitted UBCM resolutions in the past but none have been acted upon as of yet (see Attachment B). The most recent resolution relating to taxes (2018) had the following comment from the UBCM Resolutions Committee:

*The Resolutions Committee advises that the UBCM membership has consistently defeated resolutions seeking to split the residential assessment class in order to apply different tax rates to different types of residential property. Members considered, but did not endorse resolutions 2016-B105, 2008-B126 (Executive endorsed), 2003-B79, 2002-B41 and 1995-B37 on this topic.*

*The Committee notes that past resolutions have requested all manner of special treatment by creating new classes and sub-classes of property.*

*However, the Committee notes that in 2016 members endorsed B104, which asked the provincial government to create a new tax class for brownfield sites so that local governments can tax these sites accordingly.*

## **OPTIONS**

1. That Council provide direction regarding the following resolutions:
  - a. Development Cost Charges

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b. Property Taxation

WHEREAS Section 193 of the *Community Charter* restricts a municipality from imposing fees or taxes except as expressly authorized under the *Community Charter* or another Act;

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AND WHEREAS municipalities attempt to control urban sprawl whilst encouraging healthier lifestyles and alternative modes of transportation;

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**SUMMARY POINTS**

- The AVICC 2019 Annual General Meeting and Convention is held from 2019-APR-12 to 2019-APR-14 in Powell River, British Columbia.
- AVICC invites its members to submit resolutions on subjects of provincial or AVICC-wide interest that fall within local government jurisdiction.
- Staff have provided draft resolutions for Council's consideration.

**ATTACHMENTS**

Attachment A: Recent UBCM resolutions related to Development Cost Charges and financing of growth.

Attachment B: Recent UBCM resolutions related to property taxation. |

**Submitted by:**

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**Concurrence by:**

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