

Attachment A

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

Year -2003

Number - B19

Resolution Title

Development Cost Charges for Park Development

Sponsor

Maple Ridge

Resolution Text

WHEREAS local government should be able to pay the capital costs for the development of parks required as a result of residential growth and development through the use of the Development Cost Charges (DCC) Reserve Fund;

AND WHEREAS section 935.3(b) of the *Local Government Act* provides only for payment of capital costs for:

- (i) acquiring park land or reclaiming land as park land, or
- (ii) providing fencing, landscaping, drainage and irrigation, trails, restrooms, changing rooms and playground and playing field equipment on park land, subject to the restriction that the capital cost must relate directly or indirectly to the development in respect of which the charge was collected:

THEREFORE BE IT RESOLVED that the provincial government be requested to expand Section 935.3(b)(ii) of the *Local Government Act* to include sports courts, tennis courts, lacrosse boxes, skate board facilities, field lighting and on-site parking facilities as allowable DCC park land improvement purposes.

Provincial Response

MINISTRY OF COMMUNITY, ABORIGINAL AND WOMEN'S SERVICES. In 1995 a legislative change was made to give local governments increased flexibility to use development cost charge receipts for defined aspects of parkland development. More extensive changes to development finance legislation will require further work with local governments and the development industry. Extending DCC's to these types of services increases the possibility of future increases to charge levels which may in turn increase housing prices and reduce housing affordability. At this time there is no consensus among local governments and the development community on the advisability of extending DCC's to a wider range of services as part of parkland development. As a result no legislative changes in this regard are currently planned. Consultation with stakeholders through the Development Finance Review Committee will continue.

Year -2007

Number - B37

Resolution Title

Development Cost Charges

Sponsor

View Royal

Resolution Text

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 and transportation (other than highways):

THEREFORE BE IT RESOLVED that the Union of BC Municipalities lobby the provincial government to 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.

Provincial Response

MINISTRY OF COMMUNITY SERVICES. The suggestion that Development Cost Charges (DCC) be used to fund more services has been reviewed by the Development Finance Review Committee (DFRC), which provides technical advice to the Ministry of Community Services (Ministry). The DFRC is chaired by the Ministry and includes representatives from local government, the Province, the development community, building and real estate industries and the planning profession. There is a reasonable degree of consensus among DFRC members that DCCs are appropriate where new development requires key infrastructure (sewer, water, drainage, roads and parks) for the development to proceed. DCCs are based on the principle of “user pay” – that infrastructure should be paid by those who use and benefit from it. In contrast, protective services are more appropriately paid for by the greater community, since the benefits of these services are shared by all property owners.

Year -2010

Number -B23

Resolution Title

Development Cost Charges & Synthetic Turf Fields

Sponsor

Delta

Resolution Text

WHEREAS under Section 935.3(b)(ii) of the *Local Government Act* it states that Parks Development Cost Charges (DCCs) can be used to pay the capital costs of providing fencing, landscaping, drainage and irrigation, trails, rest-rooms, changing rooms and playground and playing field equipment on park land;

AND WHEREAS this section does not include the ability for municipalities to use parks DCCs to pay the capital costs of synthetic turf fields, but BC municipalities are using synthetic turf for recreational soccer pitches and baseball fields because it is more durable, less affected by wet and cold weather, and unlike natural turf, can be used year-round:

THEREFORE BE IT RESOLVED that the provincial government amend Section 935.3(b)(ii) of the *Local Government Act* to include synthetic turf fields.

Provincial Response

Ministry of Community, Sport & Cultural Development Cost Charges (DCCs) are based on the principle of 'user pay'; the cost of infrastructure should be paid by those who utilize and benefit from it. Along with assisting with the provision of core infrastructure, DCCs are also used for parkland acquisition and basic improvements, as urban green space is an important piece of building livable and healthy communities. The parkland provisions are designed to ensure that this green space is available for public use. Upgrading these facilities beyond basic improvements provides a benefit to the wider community, and thus the cost of such improvements should be shared by all property owners. Widening the scope of Section 935.3(b)(ii) has been reviewed in the past by the Development Finance Review Committee (DFRC), which is chaired by the Ministry and includes representatives from local government, the Province, and the development community. There was consensus that expanding the parkland dedication provisions to a wider range of services would not be pursued.

Year -2011

Number - B35

Resolution Title

Development Cost Charges for Solid Waste Infrastructure

Sponsor

North Okanagan RD

Resolution Text

WHEREAS the *Local Government Act* (Sections 932–937) allows local governments to collect development cost charges from developers, for local government parks, water, sewage, drainage and highways but not for solid waste infrastructure;

AND WHEREAS the costs to expand local government solid waste infrastructure capacity or upgrade facilities to accommodate population growth are substantial and can be assessed;

AND WHEREAS there is precedence for this type of funding, specifically, there are several jurisdictions in the United States of America that allow local governments to use a form of development cost charges to help fund solid waste management infrastructure:

THEREFORE BE IT RESOLVED that the provincial government amend the *Local Government Act* to authorize collection of development cost charges by local governments for solid waste infrastructure.

Provincial Response

Ministry of Community, Sport & Cultural Development Policy proposals regarding development cost charges are usually vetted through the Development Finance Review Committee (DFRC). The DFRC is a committee made up of representatives from the ministry, local government and the development community. Historically, development cost charges have been limited to specific types of capital (i.e. water, sewer, storm water, roads and parks). Expanding this definition to include solid waste management would be a significant change in policy scope. As such, it would be incumbent on local government to present a logical and well-supported proposal for such a change. DFRC would be willing to examine such a proposal taking into account the complexity of determining the following: • eligibility of capital costs, • suitability of levying development cost charge to recover such costs, • methodology for apportioning such costs between existing and new development, and • materiality of potential cost impacts on development. Based on a thorough examination of this proposal, the DFRC would make a recommendation to the Province based on the merits of this proposal. The Province would take into account the recommendations of the DFRC plus an examination of broader provincial interests before making a final decision on the merits of the proposal. Ministry staff are available for advice and to discuss the information necessary to bring forward this proposal to the DFRC for consideration.

Year - 2012

Number - B9

Resolution Title

Capital Costs of Fire Suppression

Sponsor

Sunshine Coast RD

Resolution Text

WHEREAS development can result in capital funding burdens for local governments for purposes other than sewage, water, drainage, highway facilities and parkland;

AND WHEREAS a number of resolutions have been previously endorsed by UBCM members requesting that the use of development cost charges be expanded to include costs related to increased demand on protective, cultural and recreation services:

THEREFORE BE IT RESOLVED that the Ministry of Community, Sport and Cultural Development be urged to reconsider their position and amend section 933 of the *Local Government Act* to allow development cost charges to be imposed to assist local governments in funding the capital costs of fire halls and fire suppression equipment and other purposes deemed appropriate by the local government that are required as a result of increased development.

Provincial Response

Ministry of Community, Sport and Cultural Development The suggestion that Development Cost Charges (DCC) be used to fund more services beyond key infrastructure (sewer, water, drainage, roads and parks) must be reviewed by the Development Finance Review Committee (DFRC), which provides technical advice to the Ministry of Community, Sport, and Cultural Development (Ministry). The DFRC is chaired by the Ministry and includes representatives from local governments, the Province, the development community, building and real estate industries and the planning profession. More information is necessary in order for the Ministry to take forward a proposal to expand the definition of allowable DCC expenditures to DFRC. Things to consider include, but are not limited to, demonstrating the direct costs of fire suppression and how the augmented capacity can be tied directly to new development. Ministry staff are available for advice and to discuss the information necessary to bring forward to DFRC for consideration/discussion.

Year -2015

Number - B21

Resolution Title

Broaden the Allowable Uses of Parkland Development Cost Charges

Sponsor

Delta

Resolution Text

WHEREAS the BC government has determined that Parkland Development Cost Charges (“DCCs”) cannot be used to fund sport-related park infrastructure such as synthetic turf fields, swimming pools and arenas;

AND WHEREAS municipalities can use Parkland DCCs to provide fencing, landscaping, drainage and irrigation, trails, rest-rooms, changing rooms and playground and playing field equipment;

AND WHEREAS there is tangible evidence that new development directly impacts the demand for sport-related park infrastructure through increased attendance at municipal recreation facilities and increased demand for playing time on municipal sports fields:

THEREFORE BE IT RESOLVED that the BC government be requested to approve an amendment to Section 935(3)(b)(ii) of the *Local Government Act* to include sport-related park infrastructure as an applicable Parkland DCC capital cost.

Provincial Response

Ministry of Community, Sport & Cultural Development As the Province has mentioned in previous responses to similar UBCM resolutions, widening the scope of Parkland development Cost Charges (DCCs) to include major sport infrastructure (like pools, all-season fields, arenas, and gyms) has been reviewed by the Development Finance Review Committee (DFRC). After this detailed review, all parties on the DFRC (Province, local government and developers) unanimously agreed not to expand the scope of the parkland acquisition DCC. The DFRC came to this conclusion based on the principle of 'user pay'. The cost of a core service should be paid by those who benefit from it. New community parks primarily service new development. Thus, the purpose of the Parkland DCC is to acquire land for community parks and provide basic improvements (like fencing, trails and playground equipment). Whereas, major athletic infrastructure (like an arena) benefits the entire community and therefore should be paid by the entire community through the existing tax base. Determining a reasonably accurate “benefit factor” (i.e. cost allocation between new and existing development) for such athletic infrastructure would be very difficult and highly subjective. This may result in prohibitively high DCCs, which could discourage new development. Thus, the Province supports the decision of the DFRC and is not prepared to revisit at this time.

Year - 2016

Number - SR1

Resolution Title

Local Government Development Finance System

Sponsor

UBCM Executive

Resolution Text

WHEREAS the development finance system has not changed significantly since the introduction of development cost charges by the Province in the late 1970s, despite the fact that BC communities are challenged to meet unprecedented demands for hard infrastructure and soft infrastructure amenities essential to support development as part of a sustainable, livable and complete community;

AND WHEREAS local governments support the concept that development should pay for its share of the infrastructure and amenities, it is imperative that the principles of transparency, consistency, fairness and certainty provide the foundation of the development finance system so that all parties (local governments, development industry, the Province, general public) benefit by clearly understanding how growth and development are financed:

THEREFORE BE IT RESOLVED that UBCM:

- reiterate support for the principle that growth should pay for its share of the infrastructure and amenities to support it, not property taxpayers;
- continue to dispel the myth that development cost charges and other local government processes are driving the high cost of housing;
- advocate for a local government development finance system that addresses transparency, consistency, fairness and certainty to the benefit of the development industry, local governments and the public;
- advocate for a local government development finance system that provides flexible tools and reflects real and current challenges in building sustainable livable and complete communities, in keeping with previously endorsed UBCM resolutions; and,
- continue to work collaboratively through the Province's Development Finance Review Committee to seek changes to the existing development finance system that will address the present challenges facing local governments.

Provincial Response

MINISTRY OF COMMUNITY, SPORT AND CULTURAL DEVELOPMENT. The Province fully supports the principle that new development pay a portion of growth related infrastructure costs, and that the method for determining these costs be transparent, consistent, equitable, and reasonably flexible for all parties. Thus, the Province provides local governments with a wide range of statutory development financing tools such as Development Cost Charges, Parkland Acquisition Fees, Latecomer Agreements, Development Works Agreements, and others. Through the Development Finance Review Committee, the Province will continue to work collaboratively on issues of development finance with local governments and the broader development community.

Year-2018

Number – B21

Resolution Title

Parkland DCC Reserve Expenditure Expansion

Sponsor

West Kelowna

Resolution Text

WHEREAS the *Local Government Act* legislates the manner in which local governments may collect, hold and use development cost charges (DCCs) for the capital costs of parkland;

AND WHEREAS the *Local Government Act* permits the use of DCC money for landscaping on parkland, allowing for the construction of playing fields including such items as levelling ground, planting grass and other plant material, the legislation does not contemplate different forms of playing field surfaces such as manufactured surfaces and artificial turf which promotes water conservation, is environmentally friendly, and requires less maintenance:

THEREFORE BE IT RESOLVED that UBCM request the Ministry of Municipal Affairs and Housing to broaden the allowable uses of development cost charge reserve funds to include alternate recreation and field surfaces.

UBCM Resolutions Committee comments:

The Resolutions Committee notes that the UBCM membership has endorsed resolution 2010-B23 which called on the provincial government to amend Section 935.3(b)(ii) of the *Local Government Act* (now Part 14-Division 19) to include synthetic turf fields. The UBCM membership also endorsed 2016-SR1 whereby it was resolved that UBCM continue to work collaboratively through the Province's Development Finance Review Committee to seek changes to the existing development finance system that will address the present challenges facing local governments.

In response to 2010-B23, the provincial government identified that development cost charges (DCCs) are based on the principle of 'user pay' – the cost of the infrastructure should be paid by those who utilize and benefit from it. The Province stated that upgrading these facilities beyond basic improvements provides a benefit to the wider community, and should be shared by all property owners. In response to 2016-SR1, it was stated that the Province will continue to work collaboratively on issues of development finance with local governments and the broader development community.

The UBCM Resolutions Committee notes that there are new and emerging challenges in providing services needed to accommodate development and growth. Alternative and/or innovative ways to address the development-related demands on infrastructure and service requirements should and are now being considered. As an example, water conservation infrastructure has recently been considered as a DCC capital expense in lieu of traditional

drinking water DCC infrastructure to increase development related demand. Similarly, improvements like artificial turf (and lights) can have the same outcome as the creation of an additional park by increasing the usability (more hours per day and longer season) while having the further benefits of reduced operation, maintenance and water conservation.

Provincial Response – awaiting Provincial responses to 2018 resolutions.