

# Development Cost Charges Review 2018

**Workshop #3 – November 27, 2018**

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# Workshop #3 Outline

## 1. Recap

- DCC Program overview
- Growth projections
- Comparison Rates
- Council directions to-date
- DCC Projects and Municipal Assist Factor

## 2. Tonight

- Review funding of DCC program
- Confirm next steps





# DCC Program Overview

## Development Cost Charges - Background

- DCCs are collected from developers to contribute to the cost of growth-related infrastructure
- DCCs can be collected for five classes of infrastructure: Road, Storm Drainage, Sanitary Sewer, Water, Parks
- DCCs can be collected Town-wide and by specific area
- DCCs vary by land use

## Development Cost Charges - Background

- Collected at the time of subdivision (single-family) and building permit (all other uses)
- DCC bylaws must not be adopted until approved by the Inspector of Municipalities (Province)
- Preparation of DCC bylaw and rates is guided by the DCC Best Practices Guide

## Development Cost Charges - Background

- DCC Bylaw 1762
  - Adopted October 4, 2011
- DCC Downtown (Reduction) Bylaw 1781
  - Adopted October 17, 2011
- DCC Not-for-Profit Rental Housing (Reduction) Bylaw 1804
  - Adopted May 22, 2012



## Development Cost Charges – Items to Consider

- DCCs should not be so high as to stifle new development
- Council has ability to adjust rates through municipal assist factor
  - Minimum of 1%
  - The municipal assist factor provides a means for Council to increase assistance and reduce DCCs, though the financial burden is then shared among all property owners.
- The municipal assist factor can vary by infrastructure class but not by land use

## Development Cost Charges – Items to Consider

- The *Local Government Act* establishes Council's authority to enact a DCC bylaw
- It establishes the circumstances when a DCC is or is not payable
- New DCCs do not apply to **complete** applications for subdivision or building permits, received before the Bylaw is adopted, for a period of 12 months
  - In-stream rezoning and dp applications that result in building permits within the 12-month period following adoption are also protected
- New DCCs may be applied if the applicant agrees in writing



## Development Cost Charges – Other

- The maximum length of a DCC Program is generally 20 years
- However, in the Water DCC Program there are projects that are needed in the next 20 years but will serve the community beyond that time horizon
- The bylaw can be updated annually to adjust construction costs (up to BC CPI), and for four years without needing provincial approval
- The cost of a DCC program update can be included in DCC program

## Development Cost Charges – Simplified Math

Step 1: Determine growth numbers

Step 2: Determine projects and costs

Step 3: Determine portion attributable to growth (benefit factor)

Step 4: Determine municipal assist factor for DCC recoverable

Step 5: Divide DCC recoverable cost by growth

Determines DCC Rate

## Decisions of Council

Council can choose:

- The level of the Municipal Assist Factor
- How to fund the municipal portion
- To continue, amend or end the DCC reduction for the Downtown Specified Area and/or Not-for-Profit Rental Housing
- When to consult with the community and developers

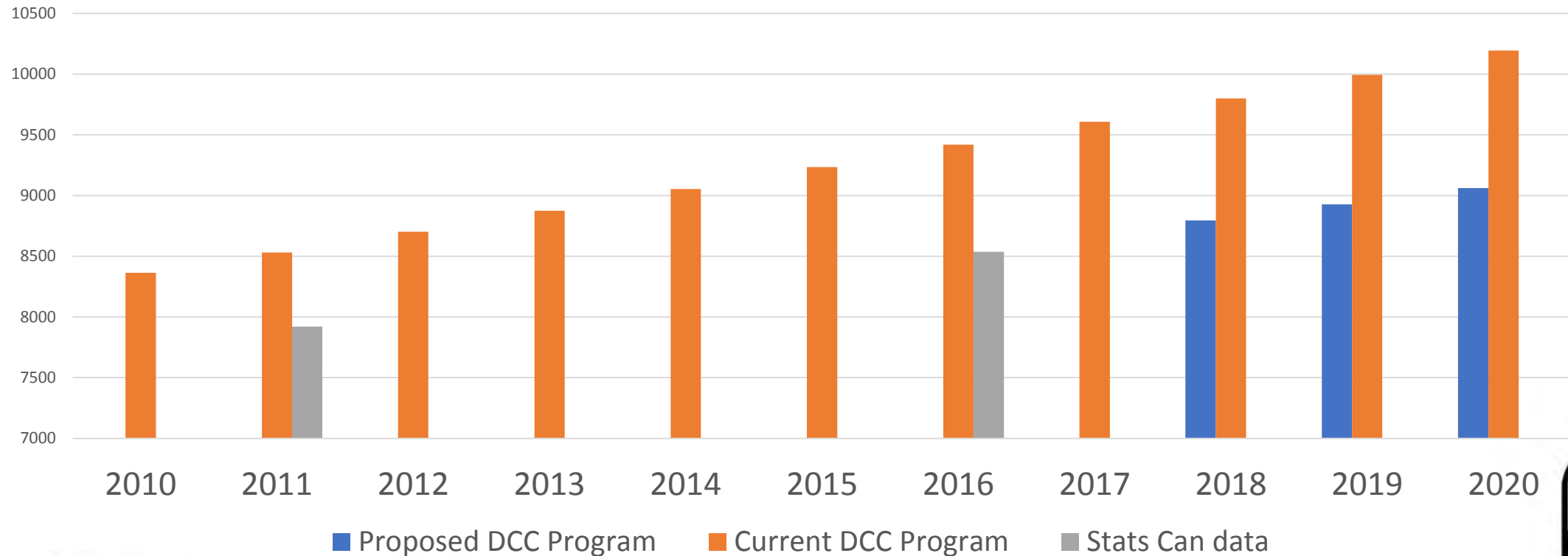


# Growth Projections



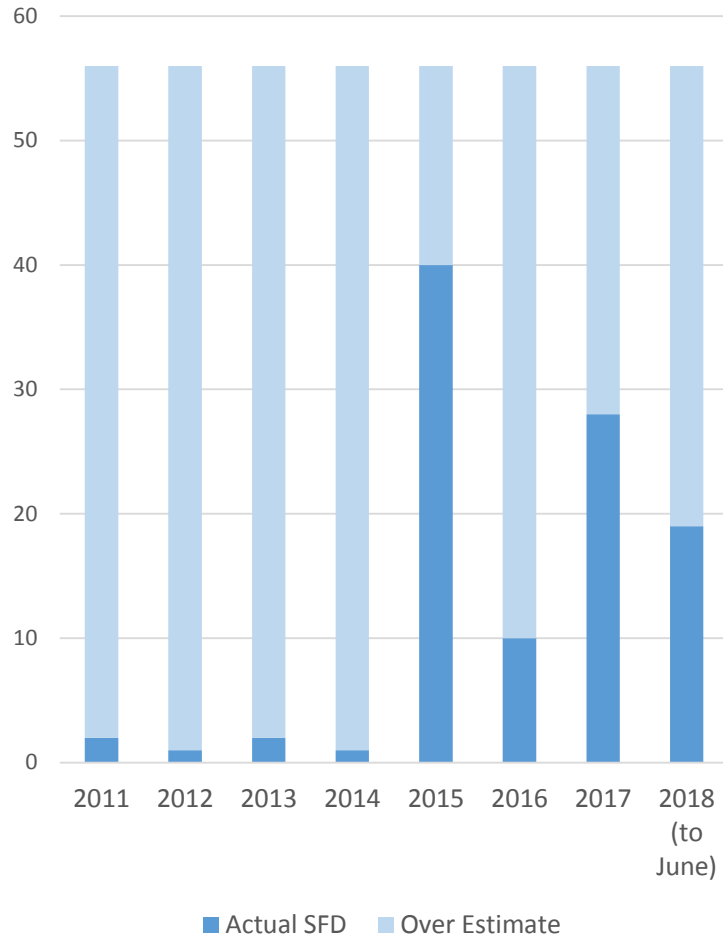
# Growth Rate Projections

The growth projections in the current DCC program were not realized which impacts the amount of DCCs collected

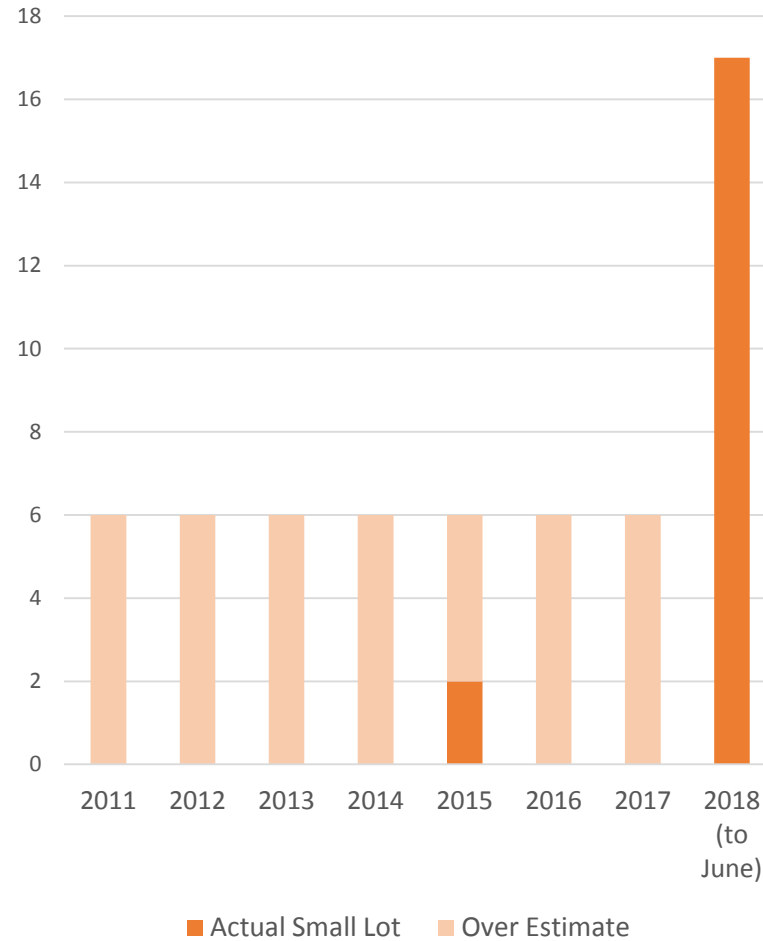


## Residential DU Growth vs Projected Growth

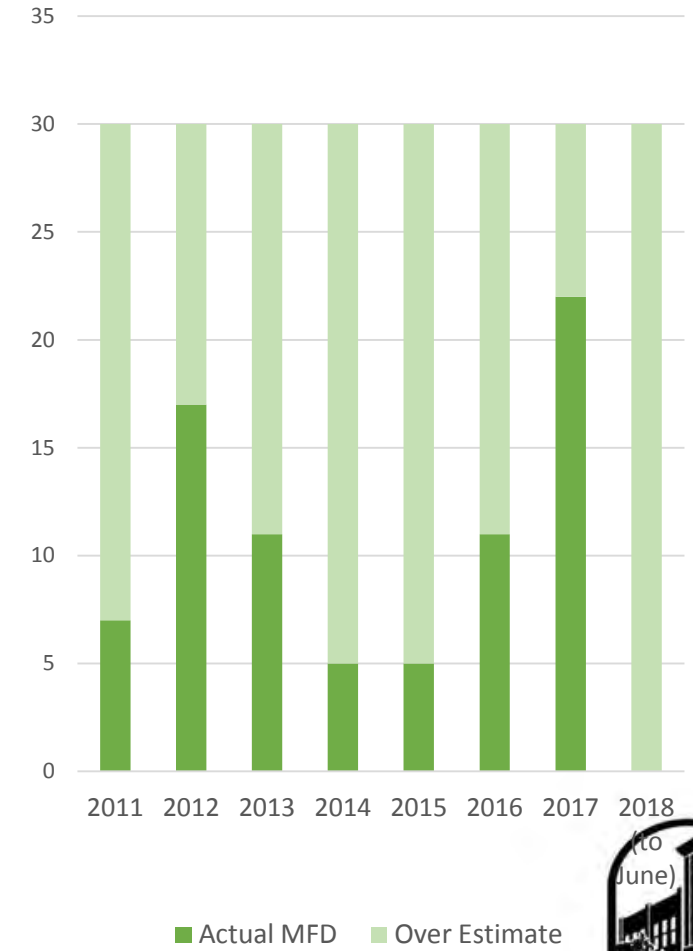
Single Family



Small Lot - SFD



Multi-Family



## DCC Program growth estimates

Current program:

20-year population growth estimate ~ 4,826

Proposed program:

20-year population growth estimate ~ 3,000



# Comparison Rates

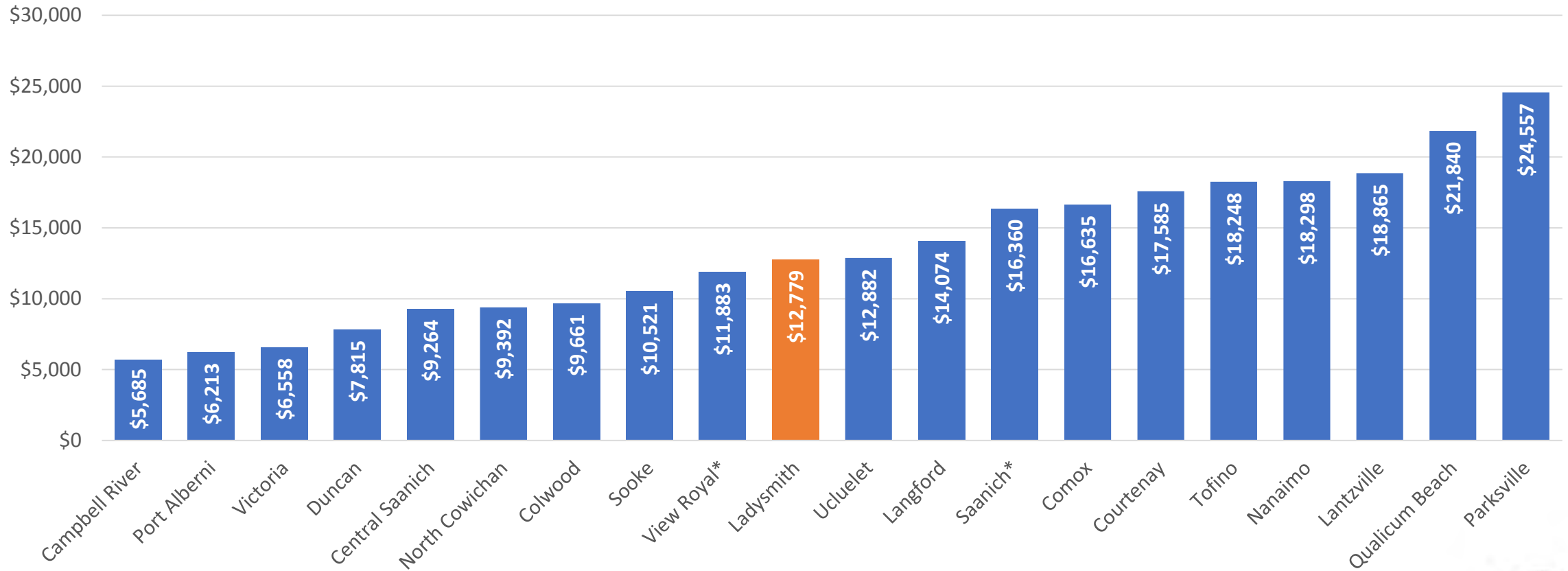


## Ladysmith DCCs – current rates

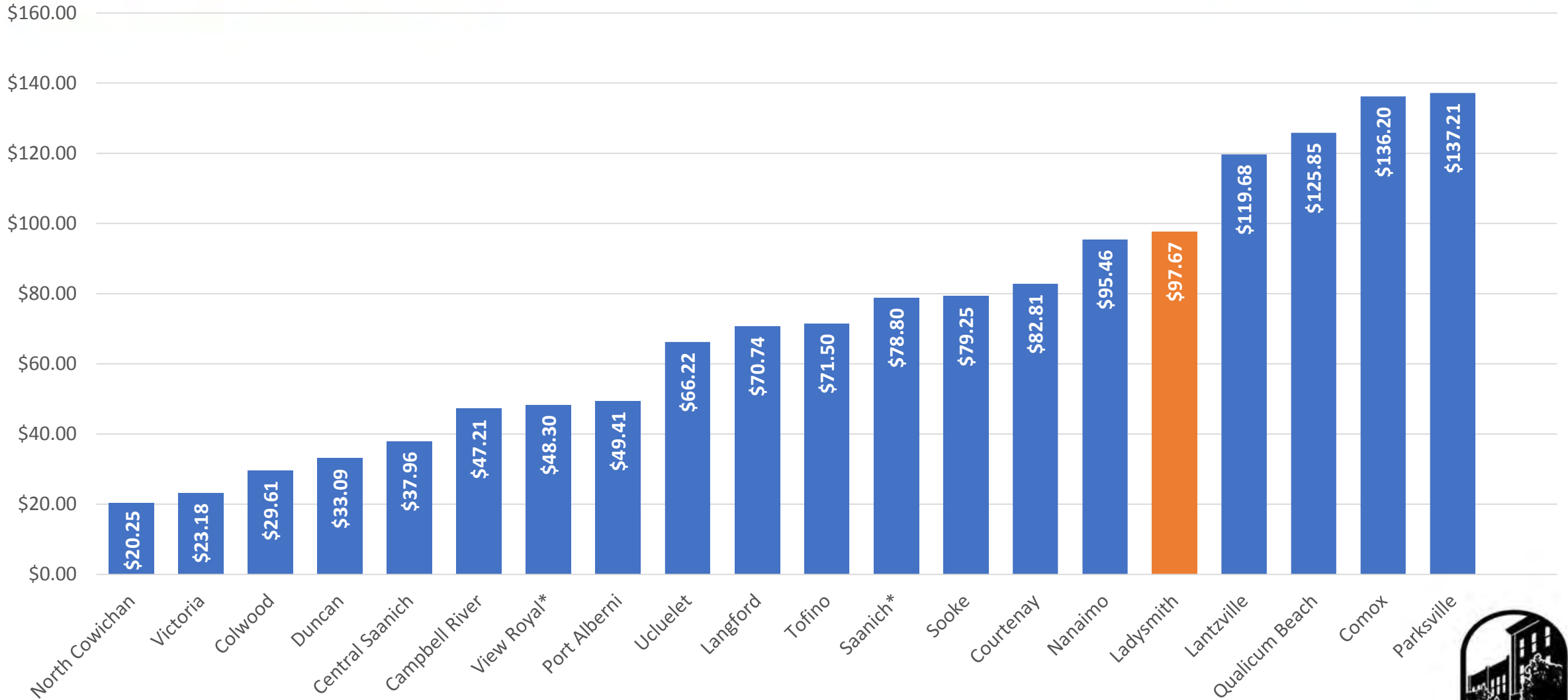
Land Use	Rate	
Single Family Residential	\$12,779.26	Per lot
Small Lot Single Family Residential	\$9,399.97	Per lot
Multi-Family Residential	\$7,617.33	Per unit
Downtown Multi-Family Residential	\$6,835.63	Per unit
Commercial	\$97.67	Per m2
Downtown Commercial	\$64.24	Per m2
Industrial	\$36.61	Per m2
Institutional A	\$4,383.39	Per bed
Institutional B	\$85.57	Per m2



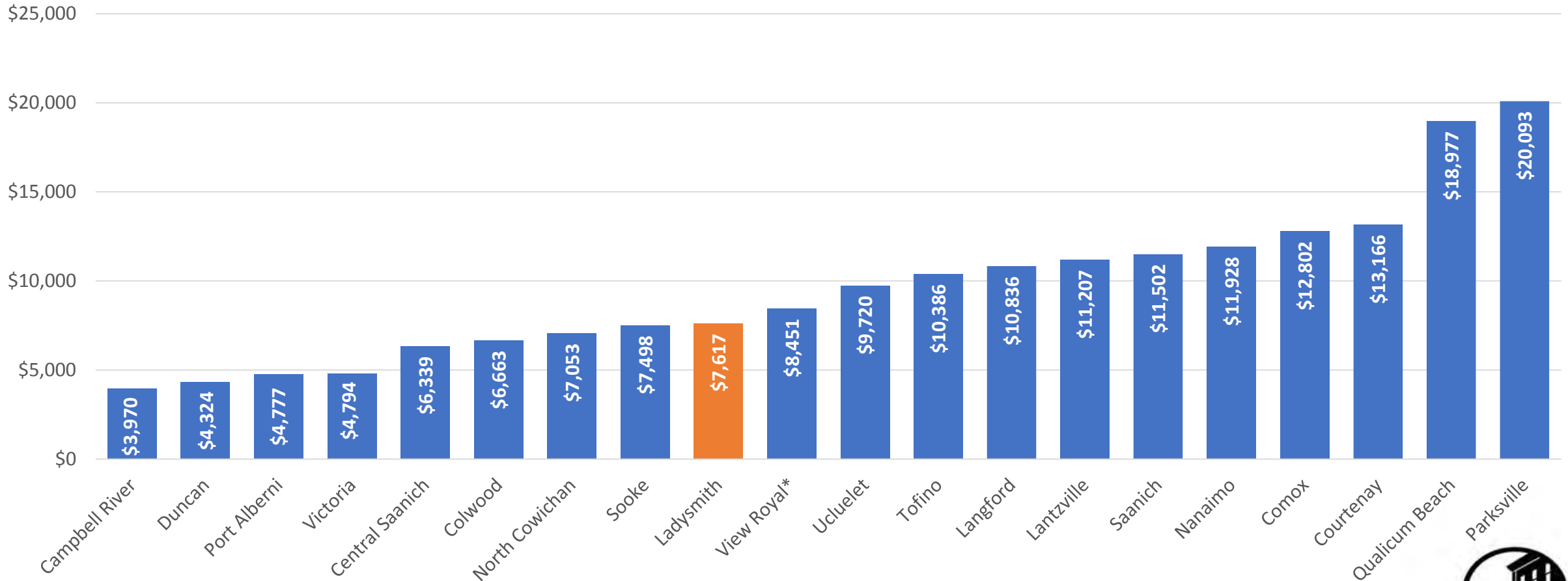
## Single-family DCC Rate Comparison



## Commercial DCC Rate Comparison



## Townhouse DCC Rate Comparison (based on 112 m<sup>2</sup>)







# Council Directions to-date



## Directions to-date:

- **Municipal Assist Factor (preliminary)**
  - Roads – 1%
  - Storm – 1%
  - Sanitary – 50%
  - Water – 50%
  - Parkland – 40%
- **Direction to remove the small lot DCC rate**
- **Direction for potential Single Family DCC Rate**
  - \$18,000-\$22,000 range for discussion





# DCC Projects and Municipal Assist Factor





# Workshop #3 – Review funding of DCC program





# Tonight's Discussion

## Linking to Capital Plan

### Sources for funding the municipal portion

- Taxation/ Utility Fees
- Grant opportunities
- Borrowing

# 2018 – Capital Budget (taxation/utility)

## Capital Funding:

General Capital funding	\$ 522,650
Water Capital funding	425,830
Sewer Capital funding	380,000

## Reserve Funding:

General Reserve – Infrastructure	328,034
Water Capital reserve	494,746
Sewer Capital reserve	0

# 2018 – Capital Budget Allocation (taxation/utility)

does not include DCC monies

	Funding
Facilities	\$ 145,000
Operations	157,750
Parks	94,900
Roads	50,000
Storm	75,000
Water	425,830
Sewer	380,000



## DCC Balances, less commitments

- Water \$ 554,000
- Roads \$ 497,000
- Parks \$ 684,000
- Storm \$ 379,000
- Sewer \$ 534,000\*

Funds are restricted and held separate from other reserves.

## Summary of DCC project costs & funding 20 YEAR PROGRAM

	PARKS	ROADS	SEWER	STORM	WATER	TOTAL
<b>Project costs</b>	<b>7,174,000</b>	<b>16,878,535</b>	<b>26,758,750</b>	<b>1,490,000</b>	<b>48,930,000</b>	<b>101,231,285</b>
Funded by:						
DCCs	2,466,630	4,841,610	4,642,160	742,500	13,552,500	26,245,400
Municipality	3,332,370	5,472,790	9,947,760	747,500	26,577,500	46,077,920
Other	1,375,000	6,564,135	12,168,830		8,800,000	28,907,965



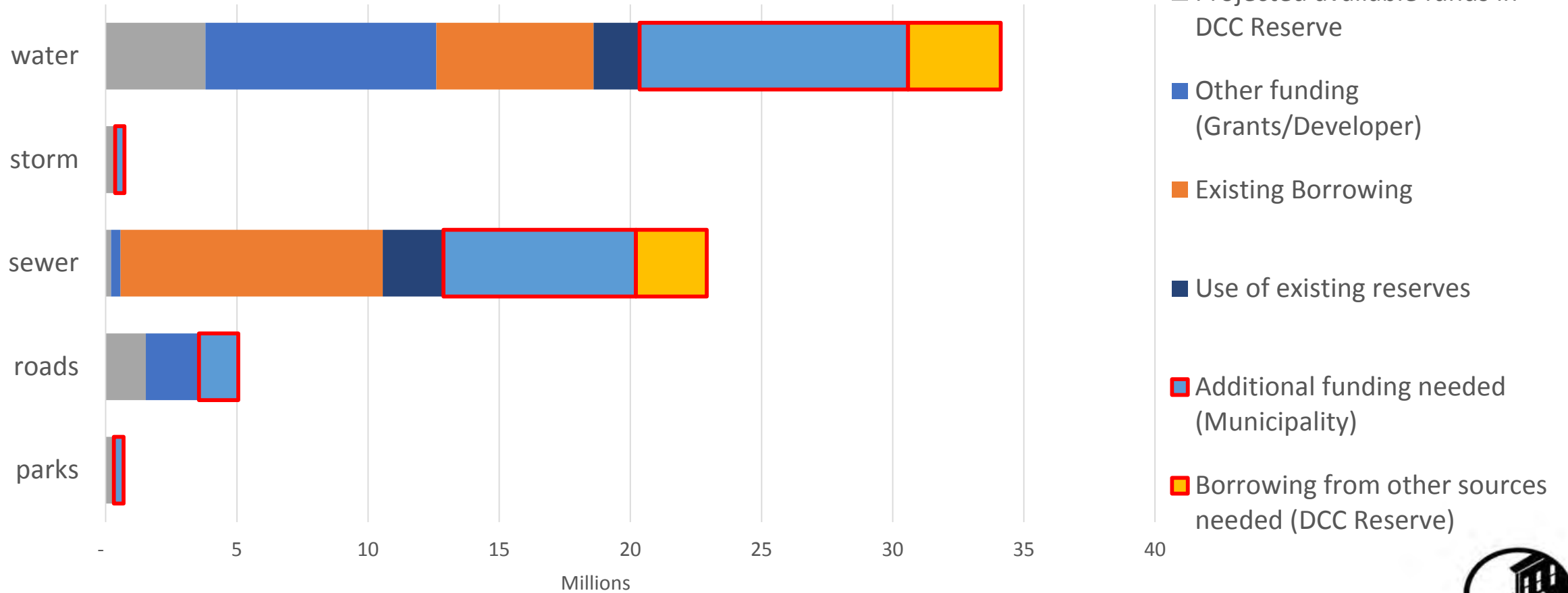
## Municipal Share

	parks	roads	sewer	storm	water	Grand Total
Short Term (<5 years)	\$ 372,600	\$ 1,500,005	\$ 7,837,760	\$ 353,600	\$ 17,983,500	\$ 28,047,465
Medium Term (5-10 years)	299,000	3,066,922	2,110,000	343,400	8,094,000	\$ 13,913,322
Long Term (10+ years)	2,660,770	905,864	-	50,500	500,000	\$ 4,117,134
Grand Total	\$ 3,332,370	\$ 5,472,790	\$ 9,947,760	\$ 747,500	\$ 26,577,500	\$ 46,077,921

## Recovered through DCCs

	parks	roads	sewer	storm	water	Grand Total
Short Term (<5 years)	\$ 311,400	\$ 1,525,545	\$ 2,902,160	\$ 356,400	\$ 7,336,500	\$ 12,432,005
Medium Term (5-10 years)	201,000	2,296,988	1,740,000	336,600	5,716,000	\$10,290,588
Long Term (10+ years)	1,954,230	1,019,076	-	49,500	500,000	\$3,522,806
Grand Total	2,466,630	4,841,609	4,642,160	742,500	13,552,500	\$26,245,400

## DCC's - Short term



# Other funding Options

## Borrowing:

- Capped per Legislation
- Municipal Portion - *Needs approval of electors*
- *May also need to fund DCC portion if not enough money in DCC reserve*

## Grants:

- Potential Grants could reduce borrowing amount need



# Next Steps

## Additional DCC meeting?

- Confirm DCC rate
- Confirm Downtown waiver program
- Confirm Community & Developer consultation