



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: June 13, 2005
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TO: Vancouver City Council

FROM: Director of City Plans in consultation with Director of Housing Centre,
Director of Social Planning, and Director of Development Services

SUBJECT: Miscellaneous Amendments to the Development Cost Levy (DCL) By-laws

RECOMMENDATIONS

- A. THAT Council request the Director of Legal Services to report back with by-laws for enactment to amend the City's area-specific Development Cost Levy (DCL) by-laws to align with the Vancouver DCL By-law (the City-Wide DCL) by:
- i. making the definition of "floor space" in the area-specific DCL by-laws consistent with the *Zoning and Development By-law*, where applicable (i.e. the Downtown South, Burrard Slopes, Arbutus, Dundas-Wall, Oakridge/Langara, Triangle West, Cedar Cottage by-laws);
 - ii. reducing the DCL rate for parking garages to \$0.10 per square foot (\$1.08 per square metre) in all area-specific DCL by-laws;
 - iii. reducing the DCL rate for temporary buildings in False Creek Flats to a flat rate of \$10.00 per Building Permit for temporary buildings, as in all other DCL by-laws; and,
 - iv. reducing the DCL rate for child care uses to \$10.00 per Building Permit in all area-specific DCL by-laws.

- B. THAT Council request the Director of Legal Services to report back with by-laws for enactment to amend the City-Wide by-law by:
- i. updating the gross growth cost amounts to the following amounts:

Park	\$556,500,000
Replacement housing	\$494,170,000
Transportation	\$115,000,000
Child care	\$94,000,000
 - ii. adjusting the metric format industrial DCL rate to \$25.83 per square metre; and,
 - iii. adjusting the metric format commercial/residential DCL rate to \$64.59 per square metre.
- C. THAT Council request the Director of Legal Services to report back with by-laws for enactment to amend the area-specific and City-Wide DCL by-laws by:
- i. updating the definition of child care; and,
 - ii. modifying the definition of "social housing".

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

COUNCIL POLICY

On March 21, 1989, The Vancouver Charter was amended to permit the City to charge development cost levies (DCLs) where new development contributes to the need for new parks, day care facilities, replacement affordable housing and engineering infrastructure. Since then, the City has created nine area-specific DCL by-laws and one City-Wide DCL by-law, each with its own rates and terms.

On June 24, 2003, in dealing with the Financing Growth report, Council resolved to direct staff to "review whether any changes to the City-Wide DCL should apply to area-specific DCLs (e.g., reduced day care rate)".

SUMMARY AND PURPOSE

The purpose of this report is to present several miscellaneous amendments to the City's DCL by-laws to align them with the Financing Growth policy and to improve the by-laws' accuracy.

BACKGROUND

In addition to the City-Wide DCL by-law, the City has nine area-specific DCL by-laws:

- Downtown South
- Burrard Slopes
- Arbutus
- Dundas-Wall
- Oakridge/Langara
- Triangle West
- Cedar Cottage/Welwyn Street
- False Creek Flats
- Grandview Boundary

Staff have conducted a review of all of the City's DCL by-laws. This report presents recommendations to address issues of by-law consistency and accuracy. This report seeks to address issues which have a significant effect on the implementation of the by-law.

DISCUSSION

Following the completion of the Financing Growth review, and subsequent updates to the City-Wide DCL by-law in 2003, Council directed staff to consider whether any changes made to the City-Wide DCL would be appropriate for inclusion in the area-specific DCLs. Staff have reviewed all of the City's DCL by-laws in light of the new City-Wide by-law and Financing Growth policy, and have identified several areas where the by-laws should be aligned. As well, there are issues of consistency and accuracy in some of the DCL by-laws. These issues are discussed below.

1. *Definition of "floor space"* (Recommendation Ai)

DCLs are assessed on a square foot (or metre) basis, and therefore floor space is the main determinant of the amount of DCLs an applicant pays. However, there are differences in the way floor space is defined among the various DCL by-laws. For example, the Burrard Slopes DCL bylaw does not consider patios to be floor space, while the Zoning Bylaw for C3-A does. The dual definitions of floor space necessitate two plan review processes. This gives rise to confusion for staff and applicants, can lead to mistakes, and is time consuming for staff to administer. The City-Wide DCL by-law takes a pragmatic approach to defining floor space by aligning the definition with the *Zoning and Development By-law*. Development Services review staff routinely determine floor space (as per the *Zoning and Development By-law*) as part of the Development Application review process, so the City-Wide DCL definition is an appropriate and easily understood measure of floor space.

Staff recommend that the definition of "floor space" in the area-specific by-laws be amended such that all by-laws use a single definition which is consistent with the *Zoning and Development By-law*, as per the City-Wide DCL.

2. Rate for parking garages (Recommendation Aii)

In the City-Wide DCL area, parking garages (i.e. above ground public or private parking) are charged a very low DCL rate of \$0.10 per square foot. This rate reflects the fact that parking garages have relatively low growth costs because they do not accommodate many people (other than parking lot attendants, security personnel, etc). The growth costs arising from the drivers and passengers of the vehicles stored within a parking garage are collected via a DCL on the floor space (e.g. residential or commercial) being served by the parking garage.

In the area-specific DCL by-laws, parking garages are subject to much higher DCL rates (i.e., the same as commercial or residential land uses). There is no growth cost justification for the higher DCL rate on parking garages in area-specific by-laws. Staff recommend that the rate for parking garages in the area-specific by-laws be reduced to \$0.10 per square foot.

Some staff have concerns that a reduction in DCL rates for parking garages may conflict with sustainability objectives to reduce automobile dependence. However, due to the poor economics of parking garages relative to other uses, a reduction in the DCL rate would be unlikely to result in the creation of many more parking garages. Furthermore, the limited and strategic placement of parking garages can help support the viability of high density residential and business districts. To this end, the City has built and encouraged the provision of parking garages in areas such as the Downtown District and Gastown. For areas where the City wishes to discourage excessive provision of parking, the *Zoning and Development Bylaw* is a more effective tool.

3. Temporary Buildings (Recommendation Aiii)

In the False Creek Flats DCL area, the rate for temporary buildings is \$3.00 per square foot compared to a flat rate of \$10.00 per Building Permit in all other DCL areas. There is no growth cost difference to justify this rate discrepancy. Staff recommend a reduction in the DCL rate for temporary buildings in False Creek Flats to \$10.00 per Building Permit, to accord with all other DCL by-laws.

4. Child care: rate and definition (Recommendation Aiv and Ci)

The DCL rates applicable to child care facilities differ between the DCL by-laws from as low as \$10.00 per Building Permit (flat rate) to as high as \$0.51 per square foot of space in a facility. Having reviewed the Financing Growth policy and current civic child care policy, staff recommend extending the City-Wide child care rate of \$10.00 per Building Permit to the other DCL areas. As well, the array of DCL by-laws contains three different definitions of child care (referred to as "day care" in the bylaws).

As a result, staff recommend that the definition be updated and standardised in all of the

City's DCL by-laws. Staff recommend the following definition, which addresses issues of consistency and, at the same time, improves clarity and updates the definition:

"Child Care Use" means the licensed use of premises on a not for profit basis for the following types of care: group day care, preschool, special needs day care, emergency care, child minding or out of school care for children aged from birth to 12 years of age, but does not include the provision of family child care, as all of the foregoing are set out in the Child Care Licensing Regulation enacted pursuant to the Community Care Facility Act R.S.B.C. 1996, c. 60 as amended or replaced from time to time. "Child care use" may include some flexible space for child development services as determined by the Director of Social Planning.

5. *Growth costs in City-Wide by-law* (Recommendation Bi)

Each DCL by-law sets out the estimated costs of expected future growth. The City-Wide DCL by-law should now be updated to reflect the cost amounts established in the Financing Growth policy in June 2003, as follows:

Park	\$556,500,000
Replacement housing	\$494,170,000
Transportation	\$115,000,000
Child care	\$94,000,000

It should be noted that the above amounts reflect the gross costs, before anticipated revenues from sources outside the City budget (e.g. senior government grants) are deducted. The allocations of City-wide DCL revenues are based on the distribution of *net* growth costs.

Staff recommend that the gross growth costs in the City-Wide by-law be amended to reflect the correct cost amounts.

Note: This amendment does not create new policy; rather, it is a means to ensure that the growth costs that have already been identified are properly reflected in the by-law. Staff anticipate that the growth costs and their allocations will be reviewed next year as Council policy is to revisit the rates every three years.

6. *Square metre rates in City-Wide by-law* (Recommendation Bii and Biii)

Two of the metric rates for the City-Wide by-law are slightly out of alignment with the imperial rates and should now be amended:

- a. The industrial DCL rate was established by Council in an imperial format at \$2.40 per square foot. Converted to metric, this rate should be \$25.83 per square metre; however, the by-law sets out the rate at \$25.81 per square metre; and,
- b. Similarly, the commercial/residential rate of \$6.00 per square foot is set out in the by-law at a metric rate of \$64.58 per square metre. However, the imperial to

metric conversion yields a rate of \$64.585 per square metre. Following standard rules of rounding, the half cent should be rounded up, resulting in a recommended rate of \$64.59 per square metre.

Although the difference between the two formats is minor, it is good practice to have the imperial and metric rates more closely aligned to avoid confusion and loss of confidence in the City-Wide DCL By-law. Council's understanding of the rates at the time of their creation was in the imperial format (a per square foot rate), as was the City's consultation package on the DCLs. For this reason, staff are of the opinion that the City should adjust the metric rates to align with the imperial rates, rather than the other way around.

7. Definition of "social housing" (Recommendation Cii)

The definition of social housing used in the area-specific DCLs is narrow in scope such that some types of non-profit co-operative housing and non-profit rental housing projects in the area-specific areas must pay the DCL rate applicable to residential floor space. These same land uses would be *exempted* from DCLs in the City-Wide by-law. The Housing Centre concludes that there is no rationale for this differentiation between the DCL areas. The more inclusive definition of social housing used in the City-wide DCL bylaw would advance City objectives for housing by exempting all types of non-profit co-operative housing and non-profit rental housing from DCLs.

Staff recommend applying the City-Wide definition of social housing to the nine area-specific by-laws. At the same time, staff recommend some minor updates to the City-Wide definition to improve clarity and efficacy. The updated definition would read as follows:

"social housing" means:

- (i) housing where:
 - a. at least 30% of the dwelling units can only be occupied by households with incomes below core-need income thresholds; and
 - b. the lands on which the housing is located are encumbered by a Housing Agreement, pursuant to the provisions of the Vancouver Charter, securing the requirement set out in the above subsection (i)a; or
- (ii) rental housing owned by the City of Vancouver, the provincial or federal government, or any agency of the foregoing, or a non-profit organization that has, pursuant to the provisions of the Vancouver Charter, entered into a Housing Agreement with the City of Vancouver securing the particular housing commitments specified by the City; or
- (iii) housing where the owner is a non-profit co-operative association and has, pursuant to the provisions of the Vancouver Charter, entered into a Housing Agreement securing the particular housing commitments specified by the City.

FINANCIAL IMPLICATIONS

Although the recommendations contained in this report affect financial by-laws, the amendments are expected to have minor financial implications for revenues collected or costs to administer the amended by-laws.

CONCLUSION

The Financing Growth review brought a comprehensive vision and direction to the City-Wide DCL by-law. It is appropriate to update the area-specific DCL by-laws to accord with the City-Wide DCL by-law and other implementation issues.

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