



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council
From: Director of Development Services)
Subject: DCC Waiver (Affordable Housing) Bylaw No. 3118

File No.: 6630-01
Date: December 6, 2023

PURPOSE:

For Council to consider first, second and third reading of City of Courtenay Development Cost Charges Waiver (Affordable Housing) Bylaw No. 3118.

BACKGROUND:

Currently Development Cost Charge Bylaw No. 2840 does not have an exemption for non-profit affordable rental housing. Section 563 of the Local Government Act permits municipalities to waive or reduce DCC's for a defined eligible development that is defined as:

- Not-for-profit rental housing, including supportive living housing;
- For-profit affordable rental housing;
- Subdivisions of small lots designed to result in low greenhouse gas emissions; and,
- Developments designed to result in a low environmental impact.

DCC reductions can be set out in the main DCC bylaw in advance, or in a separate DCC waiver and reduction bylaw, or they can also be considered on a case-by-case basis where a DCC reduction and waiver bylaw is created to waive or reduce DCCs for a specific development. The Ministry of Municipal Affairs has recently expressed a preference for seeing a DCC reduction bylaw being set out in a separate bylaw, rather than being woven into the main DCC bylaw. This also allows a municipality to make changes, rescind, or adopt a DCC reduction bylaw without approval of the Inspector, under oversight of the Ministry.

DISCUSSION:

A DCC Waiver and Exemption Bylaw establishes definitions for each class of "eligible development", corresponding rates of reduction, and requirements that must be met to obtain a waiver or reduction.

The "eligible development" is affordable rental housing that would be owned or operated by a registered non-profit organization.

In addition to DCC waivers and reductions, the amendments adopted in 2008 creating the modern *Local Government Act (LGA)* statutorily exempts all DCCs for the construction, alteration, or extension of self-contained residential dwelling units no larger in area than 29 square metres (323 sq. ft.). Smaller dwelling units make more efficient use of existing infrastructure, are more energy

efficient, and are generally more affordable. While this statutory exemption is automatic, Council can raise the exemption threshold its bylaw, to allow the exemption for units larger than 29 square metres.

Affordable Housing Reserve (AHRF)

The funds in this reserve come from Community Amenity Contributions (CAC) policy that its outlined in the OCP. Bill 44 is introducing amenity cost charge (ACC) which will replace CAC's to provide consistent equitable amenities provided at building permit or subdivision and not at rezoning. The City will need to find an alternative funding source for the AHRF, staff is recommending a sunset clause in the bylaw of June 1, 2027 and will re-evaluate prior to this date on funding options.

Non-profit affordable rental housing

The OCP refers to "affordable" that is based upon definitions from CMHC and BC Housing that utilize 30% of household income being a metric for rent under the various housing programs. A Non-profit is a society that qualifies as a non-profit under the Societies Act.

POLICY ANALYSIS:

The OCP Affordable housing policies 3, 4, and 5 align with this bylaw to incentivize non-market housing and form partnerships with non-profit society for the delivery of non-profit affordable rental housing.

FINANCIAL IMPLICATIONS:

When waiving DCC fees on a development proposal, funds are put into the DCC reserve funds from one of the city's financial sources like general taxation, or non-DCC reserves like the AHRF. Should the City be successful in receiving the Housing Accelerator Fund (HAF), some of these funds are designated for the AHRF. Staff are recommending a sunset clause of June 1, 2027 for this bylaw given the limits on the AHRF to pay the waived DCC fees. The bylaw is recommending 100% of the DCC fees be waived but Council can consider another figure like 50% or 25% if they so desire.

Impacts to increases in the DCC rates also need to be considered over the next three years as staff will be bringing forward an increase to the current DCC bylaw which could result in an increase of 40% or greater. Once this increased rate is in effect it will further impact the funds required to offset the waiving of DCC fees.

Staff will be analysing the impact of increased DCC fees and proposed number of non-profit affordable rental housing units to determine the financial impact, in the staff report that would come before Council for their consideration prior to Bylaw No. 3118 terminating on June 1, 2027.

For example, if we assume 111 non-profit rental housing apartment units are built in the next three years and the City waives 100% of the DCC fees the impact on the City is \$453, 342.

Should DCC's increase by 40% then the same 111 non-profit rental housing apartment units over the same three period would result in \$609,479 impact.

The ability to utilize the CAC policy in the OCP will no longer be feasible once Bill 44 is in effect. There are some outstanding CAC secured by section 219 that will be payable at building permit issuance which has been the historic practice of the City.

As of October 31, 2023, the AHRF has \$1,167,817.89.

ADMINISTRATIVE IMPLICATIONS:

The payment of fees to DCC reserve from AHRF would be part of the workload for staff.

STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Affordable Housing - Explore approaches to develop affordable housing: Clarify municipal role in housing affordability
- Affordable Housing - Explore approaches to develop affordable housing: Develop strategy for housing amenity fund
- Buildings and Landscape - Update Development Cost Charges (DCC) Bylaw

PUBLIC ENGAGEMENT:

This is an administrative bylaw and a public hearing is not required by legislation. Non-profit organizations have been requesting the waiving of DCC's fees to achieve lower operating costs. This proposed bylaw formalizes the process in alignment with the LGA.

OPTIONS:

1. THAT Council give first, second and third reading of DCC Waiver (Affordable Housing) Bylaw No. 3118.
2. THAT Council provide alternative direction to staff.
3. THAT Council not proceed.

ATTACHMENTS:

1. DCC Waiver (Affordable Housing) Bylaw No. 3118

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