

District of Sooke

Development Cost Charge (DCC) Update Overview



Development Stakeholder Meeting
June, 9th 2021



Agenda

1. DCC Update Project Overview
2. Program Development
 - Growth Estimates
 - Capital Program & Benefit allocations
 - Draft DCC Program and Rates
3. Policy Considerations
 - Municipal Assist Factor
 - DCC Exemptions
 - In-stream protection
 - DCC Waivers and Reductions
4. Draft DCC Rates
5. Next Steps / Discussion



Current Status of DCCs in Sooke

- DCCs are currently charged for Sewer and Transportation services in the District of Sooke
- The DCCs for Transportation were last updated in 2012 (9 + years old)
- The DCCs for Wastewater were carried forward from the 2004 DCC program into the 2012 program (17 + years old)
- Water DCCs are charged in Sooke by the Capital Regional District
- There are currently no Stormwater, Park Acquisition or Park Development DCCs in Sooke
- The District recently completed updates for its Parks and Trails and Transportation Master Plans in 2020



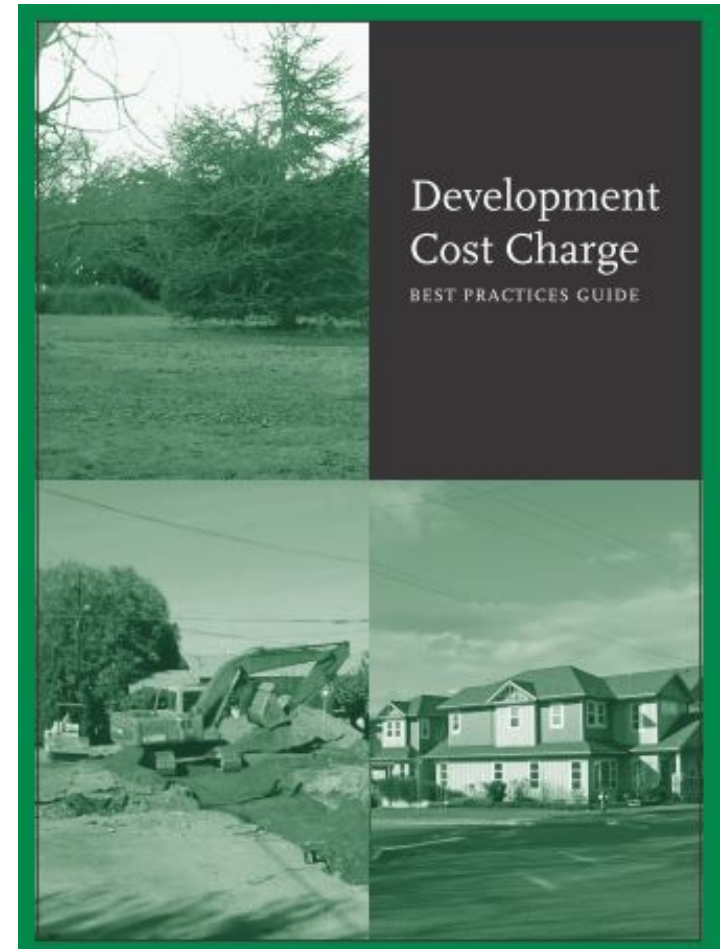
Current DCCs Rates in Sooke

Development Category	Collection Unit	Transportation	Wastewater	Water (CRD)	Total
Low Density Residential (single family)	Per Lot	\$3,548.27	\$4,317.22	\$2,922	\$10,787.49
Medium Density Multi Family (duplex, townhouse, etc.)	Per Unit	\$2,295.94	\$2,878.15	\$2,557	\$7,731.09
High Density Multi-Family (apartments)	Per Unit	\$2,156.79	\$1,918.76	\$1,644	\$5,719.55
Commercial	Per floor area in m2	\$48.70	\$20.79	\$10.74	\$80.23
Industrial	Per floor area in m2	\$0.00	\$0.00	\$5.82	\$5.82
Institutional	Per floor area in m2	\$0.00	\$0.00	\$23.74	\$23.74



What are DCCs?

- Fees to help communities recover the costs of “off-site” infrastructure needed for growth (i.e. capacity)
- Regulated by the province (Ministerial approval)
- Based on “benefiter pay” principle
- Transparent and equitable (DCC Best Practices Guide)



Provincial Legislation

- Section 14, Division 19 of the Local Government Act

Also...

- Provincial DCC Best Practices Guide



Development Cost Recovery Tools

Development
Cost Charges
(DCC)

Latecomer /
Frontender
Agreements

User Fees &
Charges

Phased
Development
Agreements

Local Area
Service

Development
Works
Agreements

Alternatives to DCCs typically involve a more negotiated process, which can be more time consuming and costly to administer.



What items do DCCs pay for?

- Capital upgrades to:
 - **Roads**, including active transportation (cycling and pedestrian) and transit works (generally inside ROW)
 - **Water** (distribution and treatment)
 - **Sanitary sewer** (collection and treatment), and
 - **Storm sewer**
- **Park land acquisition** and park **development**
 - Park development DCCs are limited to: fencing, landscaping, drainage, irrigation, trails, restrooms, changing rooms, and some playground equipment





What items do DCCs not pay for?

- Local road and utility servicing
- Operation and maintenance of District's infrastructure
- New or upgraded works needed for the existing population
- New libraries, fire halls, police stations or any parks & recreation buildings, parking, sports field lighting, artificial turf and sport courts.



Who pays DCCs?



- Applicants for **subdivision approval** to create single family development sites



- Applicants for **building permits** to construct multi-family, commercial, industrial, and institutional development

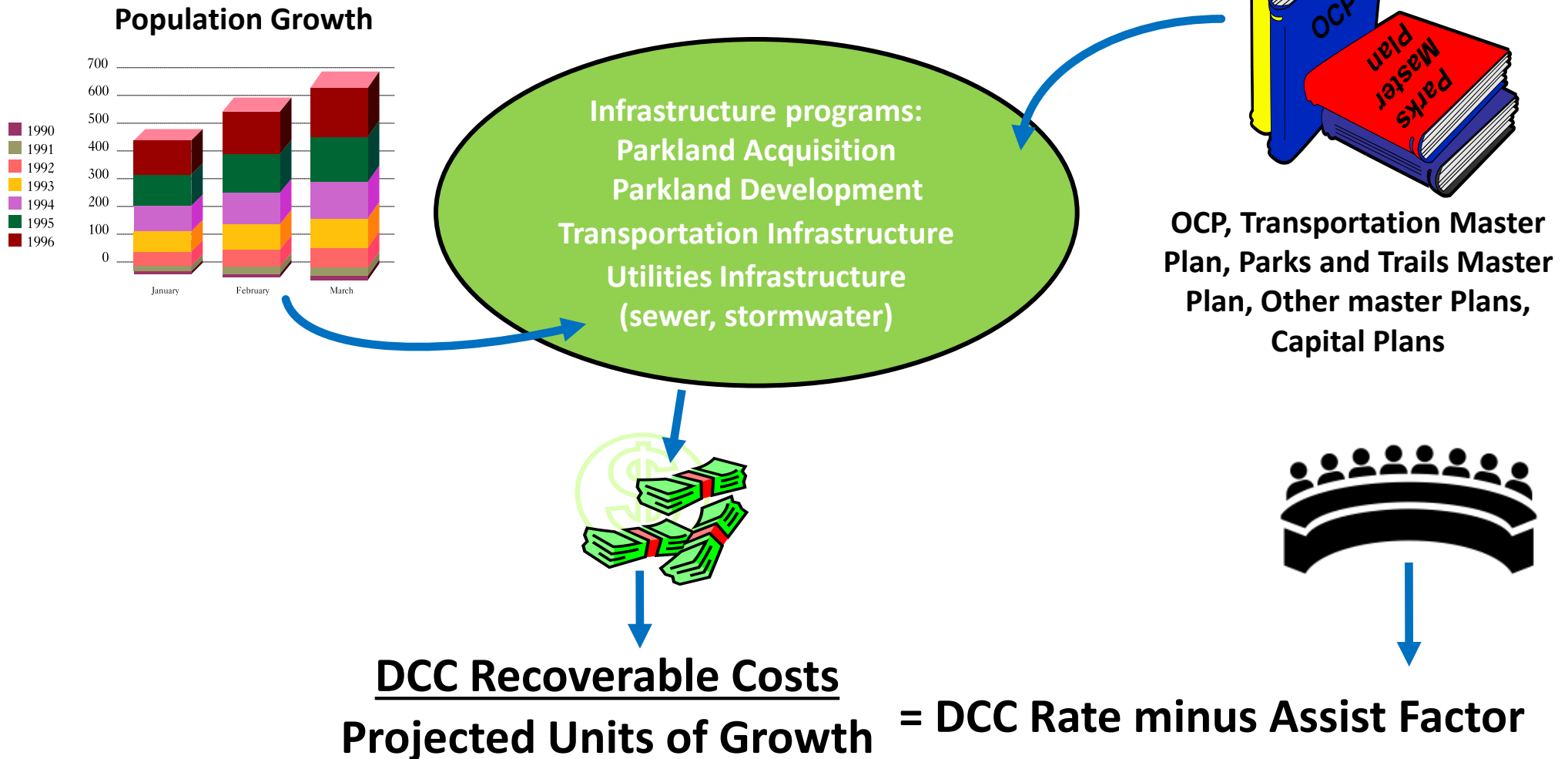


Why Update the DCC Bylaw now?

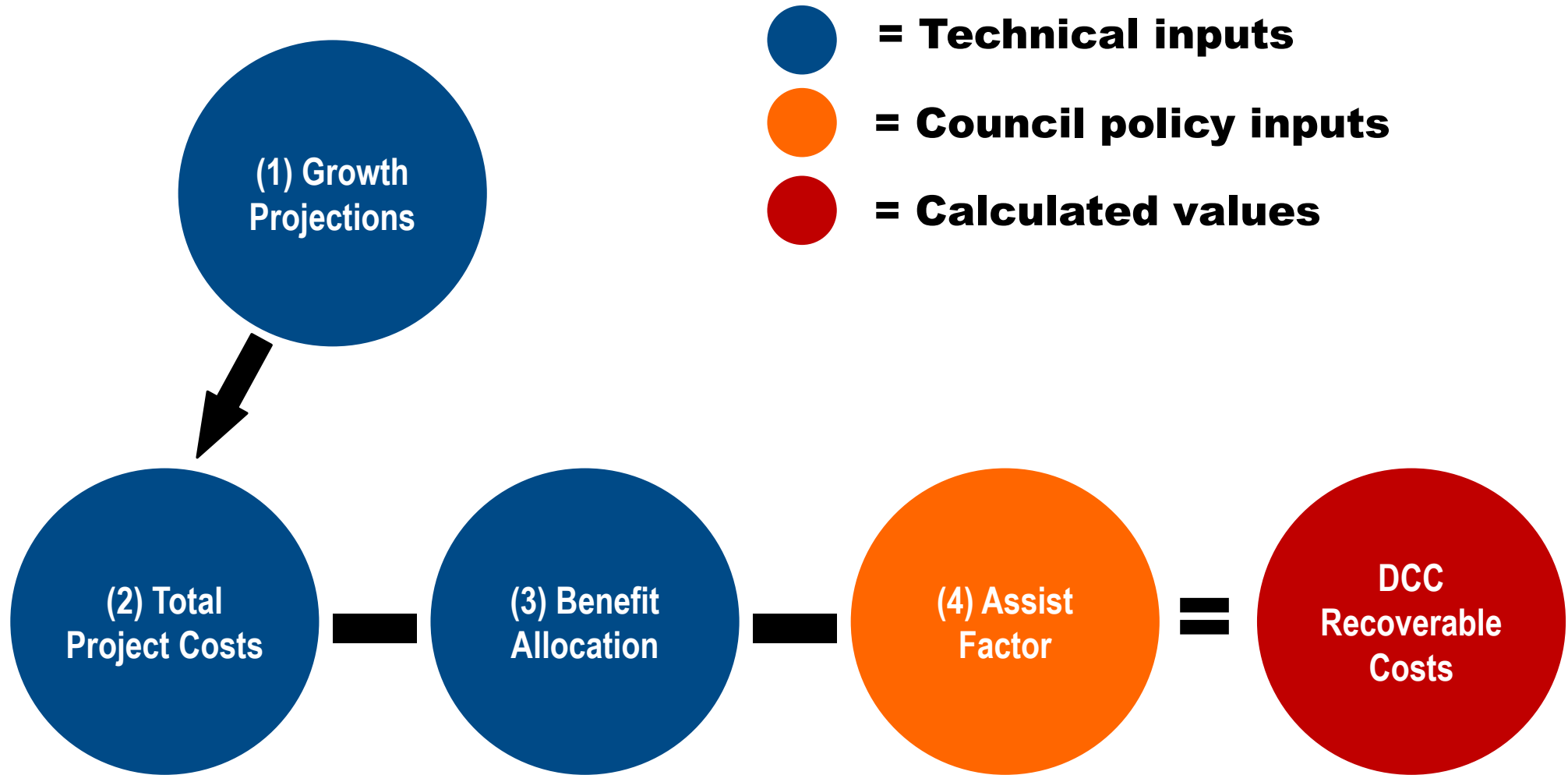
- Last major update – 2004 (wastewater) /2012 (transportation)
- Population growth since last DCC update
- Increased land and construction costs
- New information on needs (OCP / Master plan updates)
- Changes in demand
- Average home sale price (single-family) increased approximately 74% (since 2012)
- City is losing important revenues – effectively subsidizing development



How do we calculate DCCs?



DCC Recoverable Costs (i.e. net DCCs)



Work to Date - DCC Program Development

(1) Growth Projections and Timeline

Determining project timing and priorities over the 20-year time horizon (2020 – 2039) based on where growth is occurring.

(2) DCC Program Development and Project List

Determining DCC projects based on where new development is occurring over the next 20 years (i.e. where new services will be required), Transportation and Parks Master Plans, 5-year Capital Plan and staff inputs.

(3) Project Benefit Allocations

Determining the relative benefit of each project to the existing community, and new development and the proportion of capital costs attributable to new vs. existing development.



(1) Timeline, Population and Growth Estimates

- Given current master plan and project information, we are suggesting a 20-year DCC timeframe.
- Population and growth projections developed to align with the Sooke Transportation Master Plan (TMP), CRD DCC growth estimates and refined using building permit data over the last 10 years, and population growth estimates from the District's planning staff.

Land Use	Units	Growth 20-years District-wide
Low Density Residential (single family)	per lot	1,626
Medium Density (duplex, triplex, fourplex, row house, townhouse)	per unit	503
High Density Multi-Family (apartments)	per unit	216
Commercial	per m ² of gross floor area	25,000
Industrial	per m ² of gross floor area	20,000
Institutional	per m ² of gross floor area	1,550



(2) DCC Program Development and Project List

- Transportation projects, as well as parks projects, were derived through extensive technical analysis, staff input, capital plans, and community engagement throughout the Transportation Master Plan (TMP) and the Parks and Trails Master Plan (PTMP) processes completed and approved by Council in 2020.
- There is limited information on the stormwater management requirements, thus the only drainage project included in the program consists of a Drainage Master Plan, which should be undertaken to better understand the current and future stormwater needs of the community.
- The project lists were vetted for eligibility according to the Ministerial requirements for DCCs.
- Capital costs for projects are based on existing project lists and updated to include contingency, engineering and administration costs.



(3) Project Benefit Allocations

- Determined on a project-by-project basis to identify the benefits a proposed project has to existing v. future growth
- Fosters the principle of equitable distribution of capital costs amongst those receiving the benefits of a service

Land Use	Example	Benefit Allocations
Benefits only greenfield development	New subdivision / development	100%
Primarily benefits greenfield development	High-growth area	70% - 99%
Benefits both greenfield and existing development somewhat equally	Near high-growth, also close to existing development	50% - 69%
Mostly benefits existing development	Existing development that is experiencing infill	30% - 49%
Primarily benefits existing development	Almost all existing development with limited infill	1% - 29%
Benefits only existing development	No anticipated growth nearby (i.e., not a DCC eligible project)	0%



(4) Municipal Assist Factor

- Legislation requires that local government must “assist” development for DCCs
- Council has complete discretion – can vary from 1% (least assistance) to 99% (most assistance)
- MAF can be different for each infrastructure class
- Assist amount is funded from municipal, non-DCC revenues (i.e. taxes)
- Current Municipal Assist is set at 1% assist for all categories



DCC Process

Present
DRAFT DCC
Rates to
Council

Council
Input

Determine
Projects &
Capital Costs

Calculate
DCC Rates

Stakeholder
Consultation

Three
Readings of
DCC Bylaw

Approval
by
Province

Bylaw
Adoption

Determine
Benefit
Factors

Estimate
Growth

Determine
Equivalent
Units

Determine
Draft Assist
Factor

We are
here!



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Total Cost of DCC Proposed Program

Infrastructure Component	DCC Recoverable	Total Municipal Responsibility	Total DCC Program Costs (Millions)
Transportation	\$23.0 M	\$11.4 M	\$34.4 M
Drainage	\$148,500	\$1,500	\$150 K
Sanitary	\$11.5 M	\$842 K	\$12.3 M
Park Acquisition & Development	\$2.8 M	\$921 K	\$3.7 M
Total	\$37.4 M	\$13.1 M	\$50.5 M



Cost to
Developers
(74%)

Cost to Sooke
Taxpayers
(26%)

Developers only pay a
portion Total DCC
Program Costs.



Draft Transportation DCCs

Land Use	Unit	Existing Sooke Transportation DCCs	Proposed Sooke Transportation DCCs
Low Density Residential (single family)	per lot	\$3,548	\$8,694
Medium Density Multi Family (duplex, townhouse, etc.)	per unit	\$2,296	\$4,836
High Density Multi-Family (apartments)	per unit	\$2,157	\$2662
Commercial	per m ² of GFA	\$48.70	\$59.77
Industrial	per m ² of GFA	\$0.00	\$42.38
Institutional	per m ² of GFA	\$0.00	\$59.77
<i>*The DCC Rates provided apply a 1% Municipal Assist Factor and DCC Rates are preliminary to May, 2021</i> <i>** Gross floor area (GFA)</i>			



Draft Drainage DCCs

Land Use	Unit	Existing Sooke Drainage DCCs	Proposed Sooke Drainage DCCs
Low Density Residential (single family)	per lot	\$0	\$63.15
Medium Density Multi Family (duplex, townhouse, etc.)	per unit	\$0	\$31.58
High Density Multi-Family (apartments)	per unit	\$0	\$7.58
Commercial	per m ² of GFA	\$0	\$0.69
Industrial	per m ² of GFA	\$0	\$0.49
Institutional	per m ² of GFA	\$0	\$0.69
<i>*The DCC Rates provided apply a 1% Municipal Assist Factor and DCC Rates are preliminary to May, 2021</i> <i>** Gross floor area (GFA)</i>			



Draft Wastewater DCCs

Land Use	Unit	Existing Sooke Wastewater DCCs	Proposed Sooke Wastewater DCCs
Low Density Residential (single family)	per lot	\$4,317	\$5,366
Medium Density Multi Family (duplex, townhouse, etc.)	per unit	\$2,878	\$2,845
High Density Multi-Family (apartments)	per unit	\$1,919	\$1,829
Commercial	per m ² of GFA	\$20.79	\$12.19
Industrial	per m ² of GFA	\$0.00	\$6.10
Institutional	per m ² of GFA	\$0.00	\$12.19
<i>*The DCC Rates provided apply a 1% Municipal Assist Factor and DCC Rates are preliminary to May, 2021</i> <i>** Gross floor area (GFA)</i>			



Draft Parks DCCs

Land Use	Unit	Existing Sooke DCCs Total	Proposed Sooke DCCs Total
Low Density Residential (single family)	per lot	\$0	\$1,415
Medium Density Multi Family (duplex, townhouse, etc.)	per unit	\$0	\$750
High Density Multi-Family (apartments)	per unit	\$0	\$428
Commercial	per m ² of GFA	\$0	\$0.54
Industrial	per m ² of GFA	\$0	\$0.00
Institutional	per m ² of GFA	\$0	\$0.00
<i>*The DCC Rates provided apply a 1% Municipal Assist Factor and DCC Rates are preliminary to May, 2021</i> <i>** Gross floor area (GFA)</i>			



Total Draft Sooke DCCs Rates

Land Use	Unit	Existing Sooke DCCs Total	Proposed Sooke DCCs Total (May 10 th , 2021)	Percent (%) Change
Low Density Residential (single family)	per lot	\$7,865	\$15,537	+98%
Medium Density (duplex, townhouse, etc.)	per unit	\$5,174	\$8,463	+64%
High Density Multi-Family (apartments)	per unit	\$4,076	\$4,982	+22%
Commercial	per m ² of GFA	\$69.49	\$73.19	+5%
Industrial	per m ² of GFA	\$0	\$48.97	-
Institutional	per m ² of GFA	\$0	\$72.66	-

**The DCC Rates provided apply a 1% Municipal Assist Factor and DCC Rates are preliminary to May, 2021*

*** Gross floor area (GFA)*

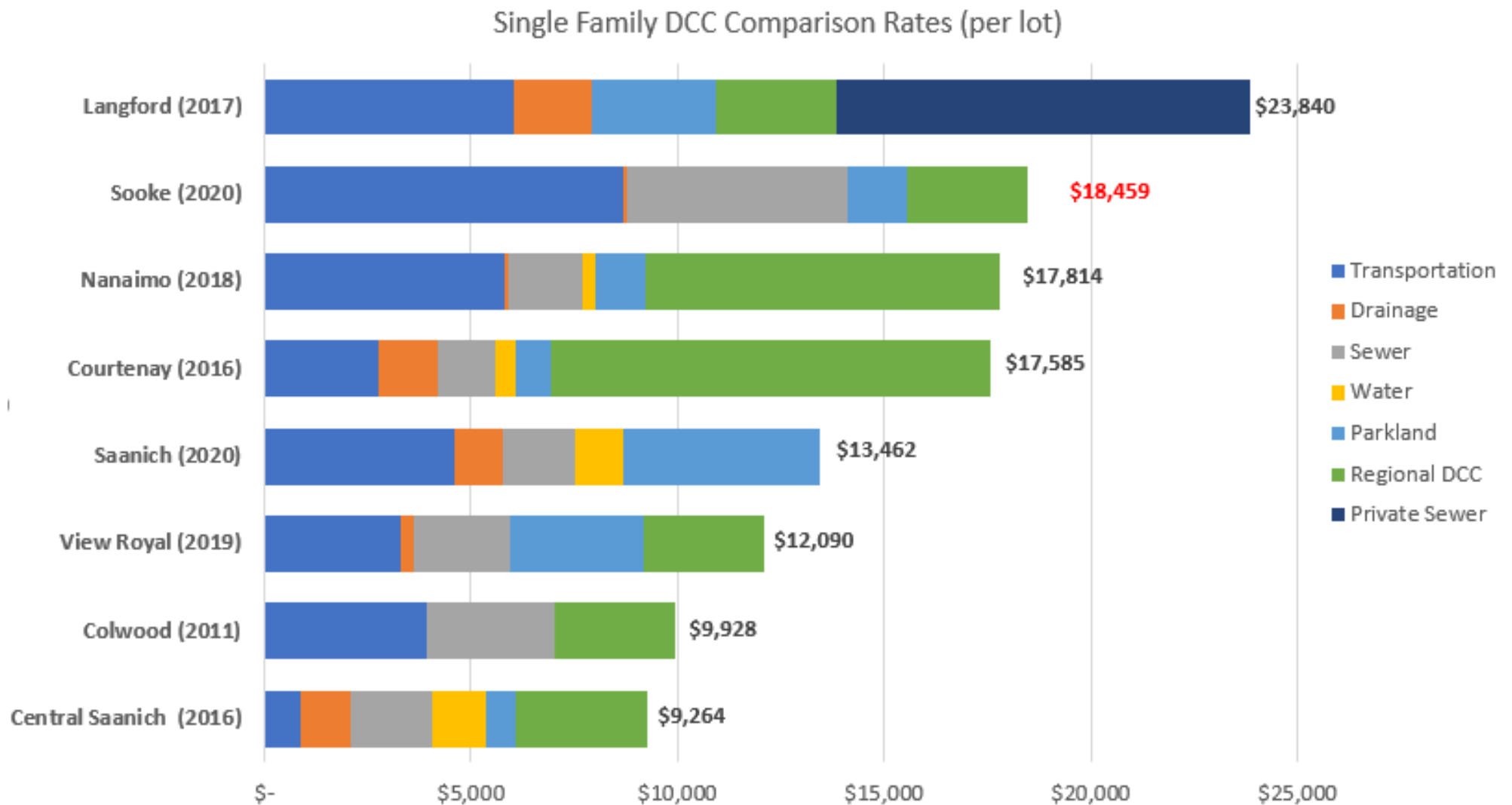


Total Draft Sooke DCCs Rates (with CRD Water)

Land Use	Unit	Proposed Total DCC without CRD Water	Current CRD Water DCC Rates	Proposed Grand Total DCCs with CRD Water
Low Density Residential (single family)	per lot	\$15,537	\$2,922	\$18,459
Medium Density Multi Family (duplex, townhouse, etc.)	per unit	\$8,463	\$2,557	\$11,020
High Density Multi-Family (apartments)	per unit	\$4,982	\$1,644	\$6,626
Commercial	per m ² of GFA	\$73.19	\$10.74	\$83.93
Industrial	per m ² of GFA	\$48.97	\$5.82	\$54.79
Institutional	per m ² of GFA	\$72.66	\$23.74	\$96.40
<i>*The DCC Rates provided apply a 1% Municipal Assist Factor and DCC Rates are preliminary to May, 2021</i> <i>** Gross floor area (GFA)</i>				



Single Family Rate Comparison



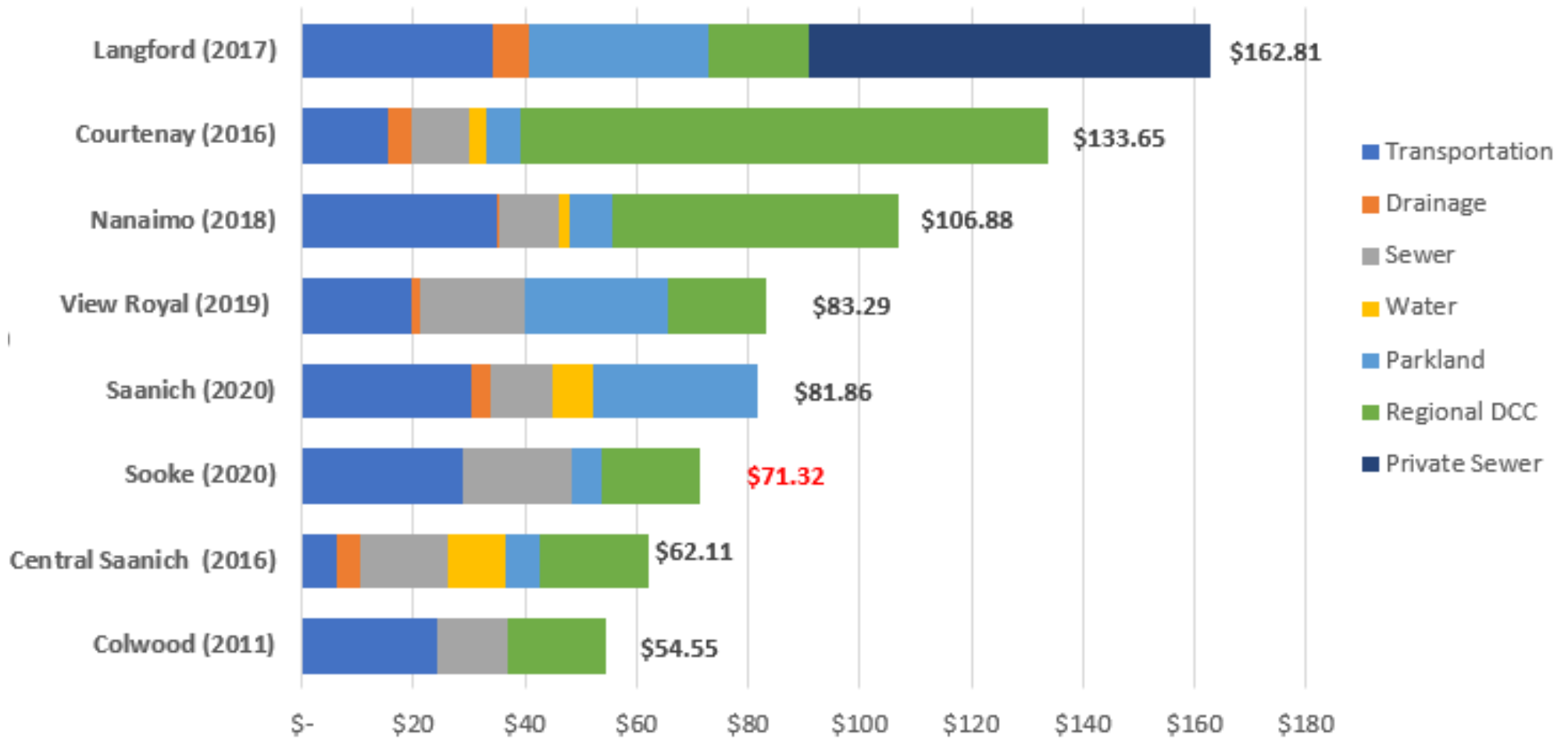
Notes:

- In Langford Corix Sewer fees are charged on top of DCCs



Apartment DCC Rate Comparison

Apartment DCC Comparison Rates (per sq.m. GFA)



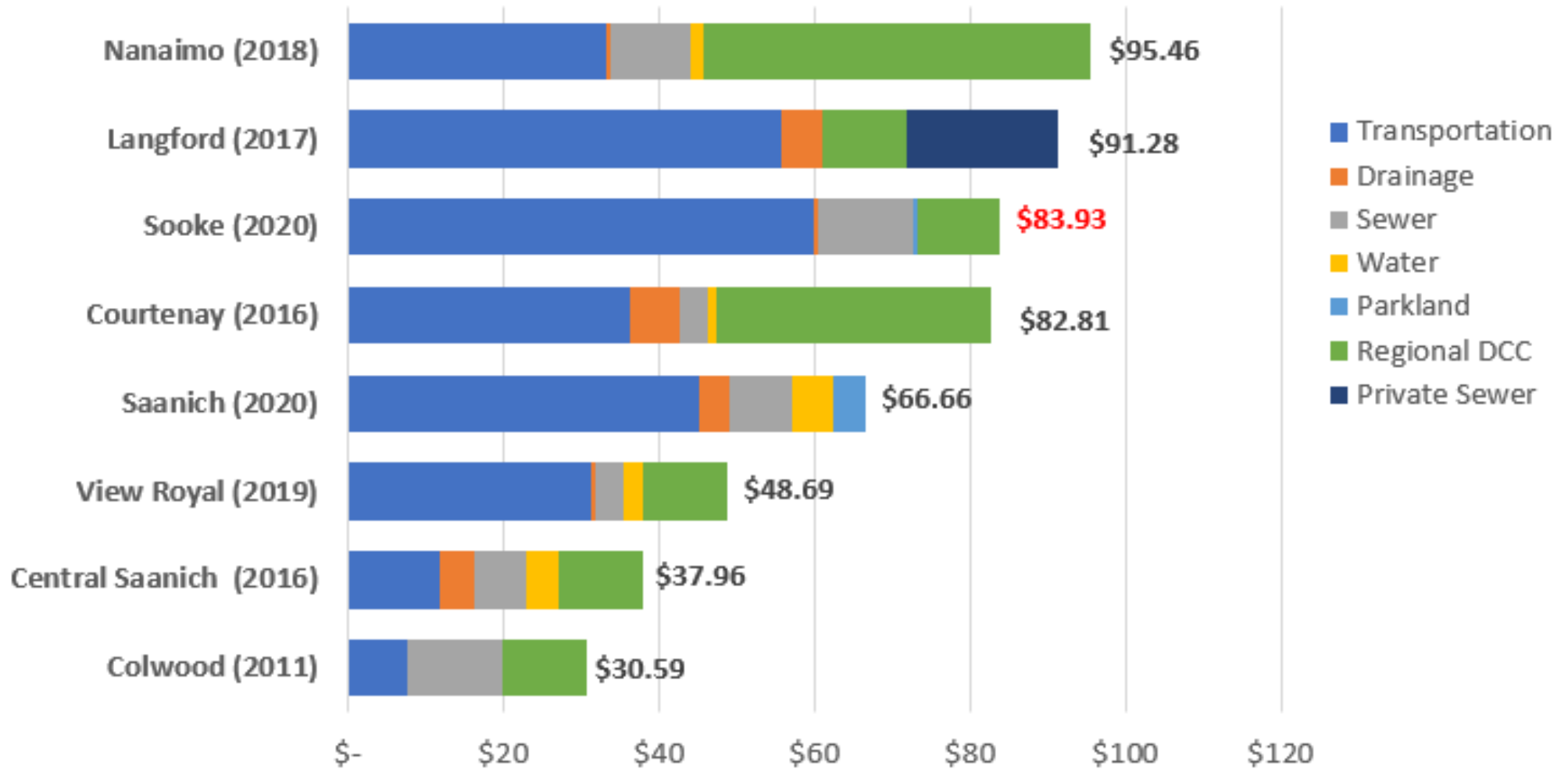
Notes:

- In Langford Corix Sewer fees are charged on top of DCCs
- Where necessary, rate conversion from per unit to per sq.m. assumes unit size of 92.9 sq.m. (1,000 sq.ft.)



Commercial DCC Rate Comparison

Commercial DCC Comparison Rates (per sq. m. GFA)



Notes:

- In Langford Corix Sewer fees are charged on top of DCCs



Statutory DCC Exemptions

The *Local Government Act* identifies conditions where DCC Exemptions apply, plus ones which can be varied by Council within the DCC Bylaw:

- Buildings for public worship
- Building permits for under \$50,000 in value
- Residential units = or < 29m² in size
- Less than 4 units, i.e. duplex/triplexes (Council can and will include these units for charge within the DCC Bylaw)



In-stream Protection

- New DCC rates will be effective at bylaw adoption unless effective date set for a later date
- However, legislation provides 12 months of protection to in-stream applications, including:
 - Building permit applications
 - Subdivision applications
 - Precursor applications (re-zoning and Development Permit)



Bill 27 – DCC Waivers and Reductions

- Typically initiated by a separate Bylaw allows a waiver or reduction of DCCs for:
 - Not-for-profit rental housing, including supportive living housing
 - For-profit affordable rental housing
 - Small lot subdivisions designed for low GHG emissions
 - Development designed to result in low environmental impact

- DCC Reductions will be explored later in the process.



Conclusions

- When one factors in other development related charges, Sooke's proposed development fees are generally in the middle of comparable residential rates in other Island communities.
- DCCs are increasing between 5% - 98%, but will include two new eligible services (parks and drainage)
- DCC increases are comparable to changes in housing and land costs since the previous update(s)
- Transportation (61%) and Wastewater (31%) represent the greatest proportion of the total DCC portion of the program value (\$)





Next Steps

- Summarize feedback from consultation with stakeholders and the public
- Vet draft DCC program with the Ministry staff in advance of sending the formal request for review
- Council presentation and approval of final DCC rates
- If Council approves the Bylaw will be given 3 readings and submitted for Ministry review and endorsement
- Bylaw adoption (4th reading)
- DCC Reduction Bylaw (Separate Process)

QUESTIONS?



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