GREATER VANCOUVER WATER DISTRICT (GVWD)
BOARD OF DIRECTORS

BOARD MEETING
Friday, February 28, 2025
9:00 am
28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia
Webstream available at https://metrovancouver.org

R E V I S E D A G E N D A

A. ADOPTION OF THE AGENDA

1. February 28, 2025 Meeting Agenda
That the GVWD Board adopt the agenda for its meeting scheduled for February 28, 2025 as circulated.

B. ADOPTION OF THE MINUTES

1. January 31, 2025 Meeting Minutes *pg. 5*
That the GVWD Board adopt the minutes for its meeting held January 31, 2025 as circulated.

C. DELEGATIONS

D. INVITED PRESENTATIONS

E. CONSENT AGENDA
Note: Directors may adopt in one motion all recommendations appearing on the Consent Agenda or, prior to the vote, request that an item be removed from the Consent Agenda for debate or discussion, voting in opposition to a recommendation, or declaring a conflict of interest with an item.

1. FINANCE COMMITTEE REPORTS

1.1 Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units

pg. 8

Executive summary

In October 2023, the MVRD Board directed staff to review the Metro Vancouver DCC waiver framework with the aim of continuing to support affordable rental housing. This report presents proposed changes to the DCC waiver framework to include waiving DCCs for affordable units that are delivered by the private sector, and turned over to a non-profit operator (i.e. inclusionary units).

Since 2010, the Metro Vancouver DCC Waiver framework has been successful in supporting the creation of many affordable housing units, and is projected to support up to 2,500 units per year. If DCC waiver eligibility is expanded to inclusionary housing units, the number of units benefiting from DCC waivers is anticipated to increase by 281 to 361 units per year over 10 years. The expansion could also result in a 4.0% to 4.4% reduction in rents, and increase the supply of new below-market rental units by 5.3% to 6.7%. The financial impact of expanding the program to inclusionary housing units is estimated to be $5.4 million to $7.0 million per year.

The Liquid Waste, Water, Regional Parks and Regional Planning Committees have received information reports outlining proposed changes, with an opportunity to provide feedback. All feedback received is included in this report for consideration by the Finance Committee and MVRD/GVWD/GVS&DD Boards. There was general support for actions that incent and support affordable housing, however, concerns were expressed regarding the funding source to offset the waived DCC revenue and the impact it would have on existing rate payers. Overall there was a desire for more information regarding options for making up the foregone revenue including continued advocacy to the Province for infrastructure funding.

Recommendation

That the GVWD Board:

a) receive for information the report dated February 5, 2025, titled “Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units”, and;
b) direct staff to bring back additional financial analysis to the Finance Committee, including options to mitigate impacts of foregone Development Cost Charge (DCC) revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

1.2 Consideration of a Development Cost Charge Reduction for Intensive Agriculture *pg. 22*

Executive summary
This report outlines a proposed approach to address concerns raised by the agriculture industry about the impacts of Metro Vancouver Development Cost Charges (DCCs) on Intensive Agriculture. Metro Vancouver's DCC framework currently only has one non-residential rate, which may not be suitable for Intensive Agriculture developments given the small demand on infrastructure relative to their size of buildable area. There are four member jurisdictions that have an Intensive Agriculture rate for municipal DCCs, and these are relatively lower in comparison to the other non-residential categories.

In January 2025, a DCC work plan was endorsed by the Finance Committee that includes an update to residential and non-residential definitions, including consideration of Intensive Agriculture developments, for the next regional DCC bylaw update in 2027. As an interim measure, this report is seeking direction to develop a reduced DCC rate for Intensive Agriculture developments that meet criteria for low environmental impact. This could be achieved through a DCC reduction bylaw, which is permitted through the *Local Government Act*. If approved, staff will provide further analysis and draft a DCC reduction bylaw for Committee and Board discussion for approval Spring 2025.

Recommendation
That the GVWD Board direct staff to advance work to analyze and propose a Development Cost Charge reduction for Intensive Agricultural developments that have a low environmental impact for Board consideration.

1.3 Funding from the Canada Housing Infrastructure Fund *pg. 27*

Executive summary
Metro Vancouver has the opportunity to apply for funding through the Canada Housing Infrastructure Fund (CHIF) direct delivery stream, which could result in $250 million in federal funding through the provincial stream for the Iona Island Wastewater Treatment Plant projects (Iona projects). The federal government designated funding to the Iona projects in the 2024 Fall Economic Statement; however, this contribution, starting in 2025–2026, is subject to Metro Vancouver meeting the conditions of the fund. To do this, Metro Vancouver will likely be required to lengthen the existing in-stream protection for its Development Cost Charge (DCC) program from 12 months to 24 months, which requires changes to provincial legislation. Metro Vancouver may also be expected to expand its affordable housing waiver framework to include inclusionary units provided by the private sector and turned over to not-for-profit housing providers to operate.

If in-stream protection were to be extended by an additional 12 months, the estimated foregone DCC revenue for Metro Vancouver is estimated to be $220 million, which would be roughly offset by the $250 million grant for the Iona projects. In addition to potentially satisfying the CHIF requirements, the proposed extension of the in-stream protection also responds to the concerns of the development community regarding the impact of DCCs. The federal government has not yet determined if Metro Vancouver's proposed measures will be accepted. In addition, the federal government's approval for these measures is directly linked to member municipalities' ability to apply for CHIF. Staff will report back as soon as there is further clarity.

Recommendation
That the GVWD Board receive for information the report dated February 5, 2025, titled "Funding from the Canada Housing Infrastructure Fund".

F. ITEMS REMOVED FROM THE CONSENT AGENDA

G. REPORTS NOT INCLUDED IN CONSENT AGENDA

H. MOTIONS FOR WHICH NOTICE HAS BEEN GIVEN

I. OTHER BUSINESS

1. GVWD Board Committee Information Items and Delegation Summaries *pg. 31*

J. RESOLUTION TO CLOSE MEETING

Note: The Board must state by resolution the basis under section 90 of the Community Charter on which the meeting is being closed. If a member wishes to add an item, the basis must be included below.

K. ADJOURNMENT

That the GVWD Board adjourn its meeting of February 28, 2025.

GREATER VANCOUVER WATER DISTRICT
BOARD OF DIRECTORS

Minutes of the Regular Meeting of the Greater Vancouver Water District (GVWD) Board of Directors held at 10:43 am on Friday, January 31, 2025, in the 28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia.

MEMBERS PRESENT:

Anmore, Vice Chair, Director John McEwen
Belcarra, Director Jamie Ross
Burnaby, Director Pietro Calendino
Burnaby, Director Sav Dhaliwal
Coquitlam, Director Craig Hodge
Coquitlam, Director Teri Towner
Delta, Director Rod Binder
Delta, Director Dylan Kruger
Electoral Area A, Director Jen McCutcheon
Langley City, Director Paul Albrecht
Langley Township, Director Eric Woodward
Maple Ridge, Director Dan Ruimy*
New Westminster, Director Nadine Nakagawa
North Vancouver District, Director Lisa Muri
Pitt Meadows, Director Nicole MacDonald
Port Coquitlam, Director Brad West
Port Moody, Director Meghan Lahti
Richmond, Director Malcolm Brodie
Richmond, Director Bill McNulty
Richmond, Director Chak Au
Surrey, Alternate Director Bose for Director Harry Bains
Surrey, Director Doug Elford
Surrey, Director Gordon Hepner
Surrey, Director Pardeep Kooner
Surrey, Director Rob Stutt
Vancouver, Director Rebecca Bligh*
Vancouver, Director Lisa Dominato
Vancouver, Director Sarah Kirby-Yung*
Vancouver, Director Mike Klassen
Vancouver, Director Peter Meiszner
Vancouver, Alternate Director Brian Montague for Director Ken Sim
Vancouver, Director Lenny Zhou
West Vancouver, Director Mark Sager
Commissioner Jerry W. Dobrovolny (Non-voting member)

* denotes electronic meeting participation as authorized by the *Procedure Bylaw*

MEMBERS ABSENT:

Burnaby, Chair, Director Mike Hurley
Langley Township, Director Steve Ferguson
North Vancouver City, Director Linda Buchanan
Surrey, Director Brenda Locke
scəw̓aθən məsteyəxʷ (Tsawwassen First Nation), Director Laura Cassidy

STAFF PRESENT:

Dorothy Shermer, Corporate Officer
Catherine Grosson, Legislative Services Coordinator, Board and Information Services

A. ADOPTION OF THE AGENDA

1. January 31, 2025 Meeting Agenda

It was MOVED and SECONDED
That the GVWD Board adopt the agenda for its meeting scheduled for January 31, 2025 as circulated.

CARRIED

B. ADOPTION OF THE MINUTES

1. November 29, 2024 Meeting Minutes

It was MOVED and SECONDED
That the GVWD Board adopt the minutes for its meeting held November 29, 2024 as circulated.

CARRIED

C. DELEGATIONS
No items presented.

D. INVITED PRESENTATIONS
No items presented.

E. CONSENT AGENDA
No items presented.

F. ITEMS REMOVED FROM THE CONSENT AGENDA
No items presented.

G. REPORTS NOT INCLUDED IN CONSENT AGENDA
No items presented.

H. MOTIONS FOR WHICH NOTICE HAS BEEN GIVEN
No items presented.

I. OTHER BUSINESS

1. GVWD Board Committee Information Items and Delegation Summaries

J. RESOLUTION TO CLOSE MEETING

It was MOVED and SECONDED
That the GVWD Board close its meeting scheduled for January 31, 2025 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

90 (1) A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:
(m) a matter that, under another enactment, is such that the public may be excluded from the meeting; and
(2) A part of a council meeting must be closed to the public if the subject matter being considered relates to one or more of the following:
(b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

CARRIED

K. ADJOURNMENT

It was MOVED and SECONDED
That the GVWD Board adjourn its meeting of January 31, 2025.

CARRIED
(Time: 10:44 am)

CERTIFIED CORRECT

Dorothy Shermer, Corporate Officer

Mike Hurley, Chair

73768568

To: Finance Committee

From: Jessica Hayes, Program Manager, Housing Policy and Planning, Regional Planning and Housing Services

Date: February 5, 2025 Meeting Date: February 13, 2025

Subject: **Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units**

RECOMMENDATION

That the GVS&DD / GVWD / MVRD Board:

a) receive for information the report dated February 5, 2025, titled "Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units", and;
b) direct staff to bring back additional financial analysis to the Finance Committee, including options to mitigate impacts of foregone Development Cost Charge (DCC) revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

EXECUTIVE SUMMARY

In October 2023, the MVRD Board directed staff to review the Metro Vancouver DCC waiver framework with the aim of continuing to support affordable rental housing. This report presents proposed changes to the DCC waiver framework to include waiving DCCs for affordable units that are delivered by the private sector, and turned over to a non-profit operator (i.e. inclusionary units).

Since 2010, the Metro Vancouver DCC Waiver framework has been successful in supporting the creation of many affordable housing units, and is projected to support up to 2,500 units per year. If DCC waiver eligibility is expanded to inclusionary housing units, the number of units benefiting from DCC waivers is anticipated to increase by 281 to 361 units per year over 10 years. The expansion could also result in a 4.0% to 4.4% reduction in rents, and increase the supply of new below-market rental units by 5.3% to 6.7%. The financial impact of expanding the program to inclusionary housing units is estimated to be $5.4 million to $7.0 million per year.

The Liquid Waste, Water, Regional Parks and Regional Planning Committees have received information reports outlining proposed changes, with an opportunity to provide feedback. All feedback received is included in this report for consideration by the Finance Committee and MVRD/GVWD/GVS&DD Boards. There was general support for actions that incent and support affordable housing, however, concerns were expressed regarding the funding source to offset the waived DCC revenue and the impact it would have on existing rate payers. Overall there was a desire for more information regarding options for making up the foregone revenue including continued advocacy to the Province for infrastructure funding.

PURPOSE

To seek GVS&DD / GVWD / MVRD Board feedback on proposed new directions for Metro Vancouver's Development Cost Charge (DCC) Waiver Framework, and direction to conduct further financial analysis to mitigate any potential impacts of foregone DCC revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

BACKGROUND

At its October 27, 2023 meeting, the MVRD Board gave third reading to bylaws to revise DCC rates and implement a regional parkland acquisition DCC, based on the principle of ensuring new development in the region fund the cost of the infrastructure expansion required to service growth. The DCC rates approved included transitioning, over three years, to a 1% assist factor, such that new growth would pay for 99% of infrastructure required to accommodate growth. As part of implementing revised DCC rates, the Board directed staff to conduct reviews of the DCC program, including a review of the DCC waiver program with the aim of supporting rental housing and incentivizing affordable housing.

Following the halting of Housing Accelerator Fund dollars earmarked for Metro Vancouver member jurisdictions as a result of concerns expressed by the Federal Housing Minister about proposed DCC rate increases, there were discussions with the Federal government around measures to mitigate the impact of increased DCCs, particularly on the delivery of rental and affordable housing. The proposed expansion of DCC waiver eligibility to include inclusionary housing units as described in this report was identified as a potential interim strategy to support affordable housing as per the Board's resolution and in response to the Federal government's concerns. Metro Vancouver is exploring more comprehensive measures as part of the review and update of DCC rates for 2027, as well as ongoing advocacy for infrastructure funding.

In response to the Board's direction, Metro Vancouver conducted an analysis to assess the costs/benefits associated with expanding eligibility for DCC waivers to private (for-profit) developers building affordable rental housing units to be transferred to a non-profit or public entity upon completion, to ensure that it is possible for the benefit of the DCC waiver to flow through to non-profit partners in the form of realized housing affordability benefits (i.e. lower rents and/or more units). This report provides an overview of proposed amendments to the DCC waiver bylaws stemming from this analysis, including providing DCC waivers for inclusionary housing units, and other amendments to simplify implementation of the waivers.

CONSIDERATION OF AFFORDABLE HOUSING DCC WAIVERS FOR INCLUSIONARY HOUSING UNITS

In recent years, BC local governments have been using tools such as inclusionary housing and density bonusing to require the provision of affordable housing units within private developments, often as a condition of rezoning. Six of the 19 municipalities that have DCC Bylaws in Metro Vancouver currently waive or reduce DCCs for affordable rental housing, and it is anticipated that, with the introduction of new provincial housing legislation to enable inclusionary zoning powers, there will be an increasing number of projects in which for-profit and not-for-profit entities collaborate in projects with a mix of market and below-market housing. As a result of these changes and in response to MVRD Board direction, Metro Vancouver is exploring possible adjustments to its DCC waiver framework to better enable and incent inclusionary units.

Currently, regional liquid waste and water DCCs are waived for not-for-profit rental housing that is:

- Owned, leased or otherwise held by a not-for-profit society, BC Housing, CMHC, a non-profit municipal housing corporation, or a registered charity at the time of any application for, or issuance of, a waiver of DCCs;
- Operated as rental housing for people who meet eligibility criteria;
- Governed by the terms of an agreement and/or covenant with the Province of British Columbia, BC Housing, CMHC or a municipality regarding the operation of the housing and stipulating how the dwelling units will be managed and occupied; and
- Geared toward households who meet or fall below the applicable Housing Income Limits (HILs) as defined by BC Housing.

In addition, Metro Vancouver's existing framework includes provisions to reduce DCCs by 50% for not-for-profit student housing. The intent of the DCC waivers and reductions has been to support the development of affordable housing by non-profit entities. To that end, the bylaws require that applicants either own or lease the affordable units at the time of the application for or issuance of the DCC waiver (typically at the time of building permit issuance). The intent of the requirement for ownership or possession of the affordable units at the time of the application was to ensure any foregone DCC revenue directly supported non-profit affordable housing, without relying on private agreements to secure housing commitments that the region cannot enforce or effectively monitor.

In October 2023, the MVRD Board directed staff to review the DCC waiver framework with the aim of supporting rental housing and incentivizing affordable housing. Concurrently, Metro Vancouver has received an increasing number of enquiries as to whether privately owned affordable units that will be transferred to a not-for-profit upon completion qualify for a waiver of regional DCCs. Under the currently waiver Bylaw, the not-for-profit must have fee simple ownership or an enacted lease at the time of the application or issuance of the waiver. Additionally, through its engagement with the development industry on DCCs, Metro Vancouver has received feedback requesting that Metro Vancouver revisit the DCC waiver bylaws to better facilitate the delivery of inclusionary units.

LEGAL CONTEXT AND DCC WAIVER BYLAW HISTORY

Metro Vancouver can, by bylaw, waive or reduce DCCs for certain types of development under provincial legislation (*Local Government Act* and *GVS&DD Act*), including:

- **Not-for-profit rental housing**: This includes supportive living housing;
- **For-profit affordable rental housing**: Local governments can waive or reduce DCCs for these types of developments;
- **Small lots**: Local governments can waive or reduce DCCs for subdivisions of small lots that are designed to have low greenhouse gas emissions; and
- **Low environmental impact**: Local governments can waive or reduce DCCs for developments that are designed to have a low environmental impact.

Since 2010, Metro Vancouver has waived DCCs for not-for-profit rental housing. From 2010-2018, Metro Vancouver also waived DCCs for for-profit rental housing where rental rates were set at 20% below the lesser of CMHC average market rents for the municipality or region. In 2018, when a separate DCC waiver bylaw was introduced, applicability of the DCC waiver was limited to not-for-profit rental housing only. As such, DCCs cannot currently be waived if not-for-profit affordable housing units are delivered by a private entity (inclusionary housing). On May 25, 2018, the GVS&DD Board adopted *Greater Vancouver Sewerage and Drainage District Development Cost Charge Waiver or Reduction for Not-for-Profit Rental Housing Bylaw, No. 314, 2018* (Reference 1). At this time, the Board, in consultation with its members, decided to limit the DCC waiver to not-for-profit rental housing only. On October 26, 2018, the GVS&DD Board enacted an amending bylaw, *GVS&DD Bylaw, No. 322, 2018*, to establish additional requirements and conditions for a 50 per cent reduction of DCCs for Not-for-Profit Student Housing.

To support housing affordability within the region, and ease of administration for municipalities within Metro Vancouver, TransLink also adopted a bylaw in 2018 to provide a waiver for not-for-profit affordable rental housing and reduction for not-for-profit student housing from DCCs consistent with the waiver and reduction provided by GVS&DD.

On April 28, 2023, the GVWD Board adopted *Greater Vancouver Water District Development Cost Charge Waiver or Reduction for Not-for-Profit Rental Housing Bylaw, No. 256, 2022* (Reference 2). The frameworks for liquid waste and water DCC waivers are identical. When the new parkland acquisition DCC is introduced in 2025, it is proposed to also provide DCC waivers to affordable rental housing under the same conditions as the existing bylaws.

SCOPE AND FINDINGS OF THE DCC WAIVER BYLAW REVIEW

Metro Vancouver assessed the costs and benefits associated with expanding eligibility for DCC waivers to private (for-profit) developers building affordable rental housing units to be transferred to a non-profit or public entity upon completion. The review included modelling the ability of mixed-market residential developments to absorb DCC payments for affordable housing units in a market development, and the impact of these DCC payments on the provision of affordable units required through negotiations/agreements with local governments (e.g. secured via an inclusionary zoning bylaw, density bonus, or negotiated at the time of rezoning). The objective of the review was to identify whether the DCC payments impact the viability of the project and the ability of the private developer to produce the agreed upon affordable/inclusionary units at below-market rates. The review also analyzed whether the benefit of a DCC waiver would be likely to be passed down from the private developer to the not-for-profit owner or operator.

The DCC waiver review found that, given the increasing number of developments in the region in which for-profit and not-for-profit entities collaborate to include a mix of market and below-market housing, the waiver framework should be adjusted to enable DCC waivers for this type of development, provided there are mechanisms in place to ensure that the benefit of the waiver flows through to the not-for-profit entity. Such mechanisms could include using contract terms that require the transfer of units at cost or a specified price, with no provision for land cost or developer profit. This recommendation is aligned with the findings of Metro Vancouver’s recent Inclusionary Housing Policy Review study (Reference 3), which found that inclusionary housing policies were most viable and worked most effectively where the inclusionary units are sold at below-market rates to a non-profit organization for ongoing ownership, management, and operations. Selling the units at a reduced price to a not-for-profit housing provider facilitates retention of the units in the affordable market, improves long term affordability, and reduces the need for monitoring.

If the DCC waiver eligibility is expanded to inclusionary housing units that are built by a private developer and then turned over at or below cost to a non-profit (or government) upon completion, the number of affordable units receiving a DCC waiver is anticipated to increase between 281 to 361 units per year in the 10-year period between 2025 and 2034. A review found waiving Metro DCCs for inclusionary units could reduce break-even rents for affordable housing projects by 4.0% to 4.4%. Alternatively, waiving Metro Vancouver DCCs for inclusionary housing could increase the supply of new below-market rental units by between 5.3% and 6.7% with the same equity invested by affordable housing developers. There are a number of factors which make it difficult to accurately predict the mix of rent reductions or increased housing supply, because how the savings from the DCC waiver are applied will vary from project to project based on site capacity, the financial resources of the non-profit entity, and other factors. There is also no reliable way to predict whether there will be new projects that would not otherwise have been built because of the change. For the waiver to be effective it must be coupled with inclusionary housing policies that limit the sale price upon transfer of the units to the non-profit partner, to ensure that the cost savings are passed on to the non-profit entity and not the private developer.

The study found that with appropriate oversight, it is possible to ensure that the foregone DCC revenue will translate into affordable housing benefits, in the form of lower rent, more units, or some combination thereof. Though the legislation permits DCCs to be waived for for-profit rental housing units, the current review did not consider development projects that include a mix of market units and below-market units all developed and owned by a private for-profit entity (e.g. purpose-built rental housing buildings incorporating below-market rental units). The proposed revised bylaw definitions to enable a waiver of DCCs for inclusionary units is outlined in Table 1 below.

Table 1: Proposed Amendment – Waiver of DCCs for Inclusionary Units Turnkeyed to Not-for-Profit Entities

Bylaw Section	Proposed Change	Rationale
Definition of “Not-for-Profit Affordable Housing”	Modify the definition of “Not-for-Profit Affordable Housing” to include affordable rental units in a mixed-market or mixed-tenure project (e.g. inclusionary housing units) built by a private developer, where there is an obligation to turnkey the affordable rental units to a not-for-profit entity upon completion, provided there is a means to ensure that the benefit of the waiver flows through to the not-for-profit entity. A DCC waiver will only be provided for the units where there is a binding agreement obligating the developer to turnkey the units via sale or long-term lease to not-for-profit entity, where there is an agreement	Currently, the definition states that the units that will be built must be “owned, leased, or otherwise held” by a Not-for-Profit Society, BC Housing, CMHC, a Non-Profit Municipal Housing Corporation or a Registered Charity at the time of any application for, or issuance of, a waiver of DCCs. Expanding eligibility for the DCC waivers to affordable rental units built by for-profit entities that will be turn-keyed to a not-for-profit at cost, under strict contract terms, is aligned with the original intent of the bylaws to support not-for-profit affordable housing, and ensures that foregone

	with Province, BC Housing, CMHC, or municipality regarding operation of the units, and where the cost of the units transferred to the not-for-profit entity does not include any land cost or developer's profit (but can include a reasonable project management fee). Verification would be obtained in the form of municipal confirmation that agreements or regulations are in place which restrict the sale price of the units to the not-for-profit entity.	DCC revenue are translated into tangible affordable housing benefits for the region.

PROPOSED ADDITIONAL HOUSEKEEPING AMENDMENTS

In addition to bylaw amendments being considered to enable DCC waivers for inclusionary units, the DCC waiver bylaw review also considered amendments to simplify implementation of the existing framework, as outlined in Table 2.

Table 2: Proposed Additional DCC Waiver Bylaw Housekeeping Amendments

Bylaw Section	Proposed Change	Rationale
Definition of "Not-for-Profit Affordable Housing"	Clarify eligible not-for-profit entities within the existing definition of Not-for-Profit Affordable Rental Housing	Add 'Member Jurisdiction', 'Metro Vancouver Housing Corporation', 'British Columbia Housing Management Commission', 'Provincial Rental Housing Corporation', 'Vancouver Affordable Housing Agency' to the list of public bodies described in the definition of Not-for-Profit Rental Housing.
Section 3.1	Remove the household income criteria for eligible Not-for-Profit Affordable Rental Housing Developments (i.e. requirement that units be occupied by households with incomes at or below BC Housing's Housing Income Limits (HILs))	Eliminating the requirement for specific rent rates or income limits as long as there is an agreement in place with the Province, BC Housing, CMHC, or municipality regarding management of units for the purpose of providing affordable housing, will streamline the administration of the DCC Waiver, and eliminate the need for ongoing compliance monitoring of eligible rents. This change would make the DCC waiver automatic for units developed, owned, and operated by a not-for-profit entity, subject to confirmation of units being non-market rental. Confirmation would include evidence of provincial or federal affordable housing funding OR a statutory declaration that units will be below-market rental OR an agreement or covenant with the Province, BC Housing, CMHC, or a municipality. This approach would remove the need to evaluate varying yet overlapping affordability and income criteria for non-profit affordable rental housing, which is already being assessed and secured by other levels of government.

Section 3.1	Remove the thirty percent affordability threshold for an entire not-for-profit affordable rental housing development to receive a DCC waiver	Currently, the DCC waiver framework makes an entire project eligible for a DCC waiver if at least 30% of the units meet the household income requirement (based on BC Housing HILs). Removing this threshold in favour of a simplified system that relies on the affordability and income mix stipulated through senior government funding or municipal policy will simplify administration and monitoring. In addition, nearly all waivers granted to non-profits to date have been for 100% of units in the development (i.e. non-profit affordable housing projects rarely fall short of providing at least 30% of the total units at affordability levels suitable for HILs incomes).
Section 3.2	Replace 50% DCC reduction for Not-for-Profit Student Housing with 100% DCC waiver	In 2018, when amendments were made to the DCC waiver framework to enable a 50% DCC reduction for not-for-profit student housing, it was assumed that most student housing units would not pay DCCs as a result of the statutory exemption for units less than 29 square metres in size. However, the *GVS&DD Act* and *LGA* specify that such units must be 'self-contained' (with kitchen and bathroom) to be exempt from DCCs. As a result, dormitory-style student housing units are subject to the per square foot DCC rates as they do not meet the current bylaw definition of a self-contained Dwelling Unit. Residences for upper year students that tend to be suite style and can include studio, one bedroom and larger apartments are technically eligible for the 50% reduction, but to date, no such reductions have been granted under the existing bylaws. Consequently, there is very little DCC revenue from student housing projects and it would be administratively simpler to waive DCCs for all student housing units, provided the housing is primarily intended for occupancy by students and is owned/operated by a post-secondary institution. Introducing a new definition of "student housing unit" that comprises housing units that have shared living quarters (kitchen, living, bath), e.g. double, triple, quad-style rooms, and ensuring that these units are eligible for a DCC waiver will simplify administration given that DCCs are already not payable for most new student housing units as they are typically under 29 m2 in area, and exempt from DCCs as per the *GVS&DD Act* and *LGA*. Though student housing units may rent at near-market rates, student housing operated on a cost recovery basis takes pressure off the local rental housing

		market and reduces transportation demand and GHG emissions.

Several illustrative examples comparing the calculation of DCCs under the current waiver bylaw with those owing with the proposed changes are shows in Attachment 1.

ENGAGEMENT SUMMARY

Staff consulted with stakeholders including member jurisdictions, industry stakeholders and other levels of government. A summary of feedback received through consultation and engagement is summarized below.

Advisory and Standing Committee Feedback

The draft proposed framework was reviewed at the October 11, 2024, Regional Planning Advisory Committee, November 21, 2024 Regional Finance Advisory Committee (RFAC), and February 7, 2025 Regional Engineers Advisory Committee meetings, with members supportive of the proposed direction and providing the following comments:

- In implementing the waivers, ease of administration and verification processes are important for municipalities;
- Supportive of mechanisms to ensure the benefits of DCC waivers for inclusionary housing flow to non-profits;
- Supportive of reduced complexity in the proposed definitions; and
- Desire for additional opportunities to engage and provide feedback and coordinate on development cost related matters.

Staff also held individual meetings with municipal staff upon request and heard generally supportive feedback regarding alignment of the proposed changes with existing municipal policies.

In addition, proposed changes were presented at the January 9, 2025 Regional Planning Committee, January 15, 2025 Liquid Waste Committee and Water Committee, and February 5, 2025 Regional Parks Committee meetings. The discussion included the following comments and feedback:

- Concerns regarding scale of revenue loss and impact on critical services (e.g. infrastructure, parks);
- Concerns regarding impact of proposed changes on existing ratepayers;
- Supportive of advocacy to the Province for infrastructure funding to replace revenue loss related to DCC waivers that support affordable housing;
- Desire to clarify that DCCs are an essential source of funding to support growth, and that DCC waivers may therefore need to be recouped from other sources;
- Avoidance of any administrative burden or additional costs resulting from negotiating agreements or aligning inclusionary housing policies to new requirements important to municipalities;
- Supportive of actions that demonstrate willingness to respond to feedback received from the development industry, given their important role as partners in delivering below-market housing under current conditions;

- Supportive of actions that further incentivize delivery of inclusionary housing units; DCC waivers may increase feasibility of municipal requirements for affordable units within market developments;
- Post-Secondary Institutions constructing student housing projects outside their core campus areas should remain eligible for a DCC waiver;
- Noted that several municipalities do not provide DCC waivers for affordable housing given the impact on critical funding for infrastructure; some use alternative growth-related funds (e.g. Affordable Housing Reserve Funds) to provide grants that offset the cost of DCCs;
- Interest in exploring granting DCC waivers/reductions without any specific alternative funding source, as a practice that supports the creation of affordable rental housing; and
- Desire to receive more information regarding options for making up the foregone revenue related to DCC waivers.

External Stakeholder Feedback
Staff additionally consulted with external stakeholders including representatives from the private development industry and non-profit housing sector. Correspondence summarizing the proposed changes and inviting written feedback was also sent to the Urban Development Institute (UDI), BC Non-Profit Housing Association (BCNPHA), and TransLink in January 2025.

Development Sector
- Consideration should be given to for-profit developers retaining ownership of inclusionary units; and,
- Consideration should be given to for-profit purpose-built rental housing incorporating below-market rental units.

Not-for-Profit Housing Sector
- Supportive of mechanisms to ensure the benefits of DCC waivers for inclusionary housing flow to non-profits; and,
- Consideration for DCC waivers or reduced DCC rates should be given to other not-for-profit residential and non-residential spaces (i.e. child care spaces, long-term care homes, institutional spaces, etc.).

NEXT STEPS
Staff have been directed by the Board to conduct periodic reviews of the DCC bylaws including a review of economic impacts and measures to support rental housing and to incentivize affordable housing and report back with recommendations. The proposed updates to the DCC waiver framework outlined in this report for consideration are one aspect of the work underway to further this objective. Should staff be directed to prepare bylaw amendments, these will come forward to the respective Committees and Boards in April 2025.

ALTERNATIVES
1. That the GVS&DD / GVWD / MVRD Board:
   a) receive for information the report dated February 5, 2025, titled “Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units”, and;

b) direct staff to bring back additional financial analysis to the Finance Committee, including options to mitigate impacts of foregone Development Cost Charge (DCC) revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

2. That the GVS&DD / GVWD / MVRD Board receive for information the report dated February 5, 2025, titled "Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units".

FINANCIAL IMPLICATIONS

The Metro Vancouver DCC waiver review is within the Regional Planning and Housing Services work program and was considered as part of the Board-approved budget which includes a $50,000 for external consultant support.

Based on historical DCC waivers, it is projected that between 1,950 and 2,500 affordable units will benefit from a DCC waiver each year on average between 2024 and 2033 under the current waiver definitions. If the DCC waiver eligibility is expanded to projects that are built by a private developer and then turned over at cost to a non-profit (or government) upon completion (i.e. inclusionary housing), the review found the number of affordable units benefitting from a DCC waiver is anticipated to increase by an average of 281 to 361 units per year between 2024 and 2033. The total estimated ten-year impact on DCC revenues to Metro Vancouver of these additional units receiving the DCC waiver would range between about $54.3 million and $69.7 million between 2024 and 2033 (or $5.4 million to $7.0 million per year), representing 0.8% to 1.0% of average annual DCC revenue, as shown in Table 3. The table below also provides a breakdown of projected impact of DCC waivers on Metro Vancouver DCC revenues by entity (GVS&DD, GVWD, and MVRD). These projections assume that the same number of affordable rental housing projects would come forward absent the DCC waiver. Absent the DCC waiver, it is likely that fewer projects containing affordable rental housing units would be viable.

Table 3: Impact on Metro Vancouver DCC Revenues

Projected Affordable Rental Units Per Year by Type of Applicant	Lower Scenario (# of Units, 2024 to 2033)	Higher Scenario (# of Units, 2024 to 2033)
Current DCC Waiver Eligibility (Not-for-Profit Affordable Rental Housing)	1,969	2,527
Proposed DCC Waiver Eligibility (Inclusionary Housing Units)	281	361
Total Affordable Rental Units Receiving Waiver	2,250	2,888
Projected Impact of DCC Waivers on Metro Vancouver Total DCC Revenues	**Lower Scenario (Total $, 2024 to 2023)**	**Higher Scenarios (Total $, 2024 to 2033)**
Estimated Additional Foregone Revenue Based on Proposed Eligibility Expansion	$54.3 million	$69.7 million

Projected Impact of DCC Waivers on Metro Vancouver DCC Revenues by Entity	Lower Scenario (Total $, 2024 to 2023)	Higher Scenarios (Total $, 2024 to 2033)
Liquid Waste – GVS&DD		
Estimated Additional Foregone Revenue Based on Proposed Eligibility Expansion	$20.7 million	$26.6 million
Water – GVWD		
Estimated Additional Foregone Revenue Based on Proposed Eligibility Expansion	$30.8 million	$39.5 million
Parkland Acquisition – MVRD		
Estimated Additional Foregone Revenue Based on Proposed Eligibility Expansion	$2.8 million	$3.6 million

In practice, there are a variety of ways that the foregone revenue resulting from DCC waivers to support affordable rental housing can be accommodated. In its DCC Best Practices Guide (Reference 4), the Province of BC recommends that the cost associated with DCC waivers and reductions be entirely supported by 'existing development'. Under this approach, the cost associated with the DCC waiver program would need to be funded through water sales, liquid waste levy, or tax requisition (i.e. existing development), which would result in updates to future budget years in the Five-Year Financial Plan, with an average annual cost per household of between $3 to $4.

Alternative approaches include absorbing the foregone revenue within the program itself, or identifying granting or other sources of funding to defray the foregone revenue. These approaches could be explored as part of the work program to review and update DCC rates for 2027.

To establish current practices relating to DCC waivers, Metro Vancouver recently surveyed municipalities to better understand how the financial impacts of DCCs that are waived and/or reduced under Section 563 of the *Local Government Act* are considered by member jurisdictions. Of the responses received, one municipality stated that DCC waivers are considered as foregone revenue, four municipalities funded DCC waivers through other growth-related funds (e.g. Affordable Housing Reserve Fund or other), and two municipalities responded that the value of DCC waivers is entirely supported by existing development/taxpayers (i.e. aligning with the Province's Best Practices guide recommendation).

CONCLUSION

Since 2010, Metro Vancouver has waived DCCs for affordable rental housing, for a time for not-for-profit and for-profit affordable rental housing, and since 2018, only for not-for-profit affordable rental housing. Metro Vancouver has assessed the costs/benefits associated with expanding eligibility for DCC waivers to private (for-profit) developers building affordable rental housing units to be transferred to a non-profit or public entity upon completion (e.g. inclusionary housing). Recognizing that the private developer is likely in receipt of other benefits or incentives (e.g. increased market residential density) in exchange for the provision of the inclusionary units, and to ensure that the benefit of the waiver flows through to non-profit partners in the form of realized housing affordability benefits (i.e. lower rents and/or more units), it is recommended that the waiver framework be adjusted to enable DCC waivers for this type of development, with strict terms in place (e.g., requiring the transfer of units to the non-profit partner at cost with no provision for land cost or profit). Several additional housekeeping amendments are also outlined in the report, to improve the efficiency and ease of administration.

Staff are now seeking feedback from the Finance Committee and Board on proposed amendments to Metro Vancouver's development cost charge (DCC) waiver framework, and direction to complete further financial analysis, including options to mitigate impacts of foregone DCC revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

ATTACHMENT

1. Example Calculation of DCC Affordable Housing Waivers (Current Framework Compared with Proposed).

REFERENCES

1. GVS&DD Development Cost Charge Waiver or Reduction for Not-for-Profit Rental Housing Bylaw No. 314, 2018 - Unofficial Consolidation (metrovancouver.org)
2. GVWD Development Cost Charge Waiver or Reduction for Not-for-Profit Rental Housing Bylaw No. 256, 2022 - Unofficial Consolidation (metrovancouver.org)
3. Inclusionary Housing Policy Review and Regional Model Policy Framework (metrovancouver.org)
4. Development Cost Charge Best Practices Guide (Province of BC)

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EXAMPLE CALCULATION OF DCC WAIVERS (CURRENT FRAMEWORK COMPARED WITH PROPOSED)

Scenario Description	Eligibility for DCC Waiver Under Current Bylaw	Eligibility for DCC Waiver Under Proposed Bylaw Changes
Local government-owned land will be leased to a non-profit housing agency and developed into a 100-unit social housing building. The non-profit housing agency will operate the entire building. 30 of the units will rent at BC HILs (Housing Income Limits), and 70 of the units will rent at low end of market rents.	All 100 units will be eligible for a waiver of DCCs.	All 100 units will be eligible for a waiver of DCCs.
For-profit developer plans to develop a 70-unit mixed-use strata, with an additional 30 units of social housing which will be turned over to the City upon completion at no cost as turnkey social housing (separate air space parcel to be owned by the City and operated by a non-profit housing provider).	Not eligible for a waiver of DCCs as the development does not meet the current definition of not-for-profit affordable rental housing.	The 30 social housing units will be eligible for a waiver of DCCs.
For-profit developer plans to develop a 70-unit mixed-use strata, with an additional 30 units of social housing which will be sold to a non-profit housing provider at market value upon completion.	Not eligible for a waiver of DCCs as the development does not meet the current definition of not-for-profit affordable rental housing.	Not eligible for a waiver of DCCs as the development does not meet the definition of not-for-profit affordable rental housing.
For-profit developer plans to develop a 85-unit mixed-use strata, with an additional 15 units of inclusionary housing which will be sold to a non-profit housing provider at below market value upon completion.	Not eligible for a waiver of DCCs as the development does not meet the current definition of not-for-profit affordable rental housing.	The 15 inclusionary housing units will be eligible for a waiver of DCCs.
Post-secondary institution plans to develop student housing divided into: 60 dormitory-style units smaller than 312 sq.ft. (without a kitchen or bathroom), 40 units of self-contained dwelling units larger than 312 sq.ft. (with their own kitchen and bathroom).	The 60 dormitory-style units under 312 sq.ft. are not exempt from DCCs as they are not 'self-contained'. The 40 self-contained dwelling units larger than 312 sq.ft. would be eligible for a 50% reduction of DCCs.	The 60 dormitory-style units under 312 sq.ft. and the 40 self-contained dwelling units larger than 312 sq.ft. would be eligible for a 100% waiver of DCCs.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To: Finance Committee

From: Heather McNell, Deputy Chief Administrative Officer, Policy and Planning

Date: February 5, 2025 Meeting Date: February 13, 2025

Subject: **Consideration of a Development Cost Charge Reduction for Intensive Agriculture**

RECOMMENDATION

That the GVWD/GVS&DD/MVRD Board direct staff to advance work to analyze and propose a Development Cost Charge reduction for Intensive Agricultural developments that have a low environmental impact for Board consideration.

EXECUTIVE SUMMARY

This report outlines a proposed approach to address concerns raised by the agriculture industry about the impacts of Metro Vancouver Development Cost Charges (DCCs) on Intensive Agriculture. Metro Vancouver's DCC framework currently only has one non-residential rate, which may not be suitable for Intensive Agriculture developments given the small demand on infrastructure relative to their size of buildable area. There are four member jurisdictions that have an Intensive Agriculture rate for municipal DCCs, and these are relatively lower in comparison to the other non-residential categories.

In January 2025, a DCC work plan was endorsed by the Finance Committee that includes an update to residential and non-residential definitions, including consideration of Intensive Agriculture developments, for the next regional DCC bylaw update in 2027. As an interim measure, this report is seeking direction to develop a reduced DCC rate for Intensive Agriculture developments that meet criteria for low environmental impact. This could be achieved through a DCC reduction bylaw, which is permitted through the *Local Government Act*. If approved, staff will provide further analysis and draft a DCC reduction bylaw for Committee and Board discussion for approval Spring 2025.

PURPOSE

To seek Finance Committee and GVWD/GVS&DD/MVRD Board direction to undertake further analysis to develop a DCC reduction for Intensive Agricultural developments that have a low environmental impact and bring this back for Committee and Board consideration.

BACKGROUND

In November 2024, Metro Vancouver met with agriculture industry representatives including Metro Vancouver's Agricultural Advisory Committee and the Greenhouse Growers Association over their concerns regarding the impacts of Metro Vancouver's DCC costs on Intensive Agriculture developments. Intensive Agriculture refers to development such as greenhouses, retail nurseries, manufacturing and processing plants for agriculture related products, facilities used for intensive livestock purposes, and commercial businesses located within agricultural zones. Representatives expressed gratitude for the meetings, but were disappointed to have not been consulted during the development of the DCC rate update last year, noting the new DCC rates are significantly impacting the viability of agricultural development in the region. Metro Vancouver staff committed to addressing any unforeseen implications of the DCC program as soon as possible. This report provides an overview of the proposed short- and long-term solutions to address Intensive Agriculture through Metro Vancouver's DCC waiver/reduction bylaw and DCC program update.

ADDITIONAL CONTEXT

Metro Vancouver DCC Program Update

In January 2025, the Finance Committee endorsed a workplan to review and update Metro Vancouver's DCC program. This includes work in 2025 to review DCC rate categories, analyze differences in infrastructure demand and use, and propose updates to DCC rates based on new categories as well as new population projections and capital program costs. This work would inform the 2026 budget process to implement changes to the DCC program in 2027, with new rates taking effect in 2028. This work will provide a long-term solution to develop fair DCC rates for Intensive Agriculture development in the region that adequately captures the costs of infrastructure demand for this type of development. As an interim measure, Metro Vancouver staff propose an update to the DCC Waiver/Reduction Bylaw to provide a reduction for Intensive Agriculture development that has a low environmental impact. This will help to address the immediate needs of the agricultural sector for Intensive Agriculture developments that are not already exempt from regional DCCs (e.g., developments that have some impact on water or sewer infrastructure).

DCC Considerations for Intensive Agriculture

In conversations with Metro Vancouver, the agricultural industry has raised concerns around how Metro Vancouver's non-residential DCC rate is broadly applied to all commercial activity while the impact on growth infrastructure from agricultural uses can vary greatly. This variation is amplified based on the particulars of agricultural structures, such as greenhouses or nurseries that cover a large area of land and primarily use rainwater collection for operations, which do not use a commensurate amount of water as would other non-agricultural developments of a similar size. The regional DCC rate per square foot is currently based on an average of all non-residential groups which does not appropriately capture Intensive Agriculture's impact on infrastructure. This is resulting in a significant financial impact on new/expanded greenhouses to the point that this DCC rate could prevent intensive agricultural development within the region. As one of the key strategies in *Metro 2050* is to protect and strengthen agricultural viability, it is important to address this unintended consequence of the regional DCC program in the immediate term (through expanding the waiver/reduction bylaw), and to find an appropriate long-term solution and appropriate rate through the review and update of the DCC program.

In addition, the employment projections used for developing the Metro Vancouver non-residential rate did not include agriculture, and Metro Vancouver Water Services estimates that agriculture comprises a small percentage of projected growth for non-residential uses. More data is needed to quantify the impact of Intensive Agriculture on growth infrastructure, and this work will be completed as part of the DCC Program update, in addition to further refining non-residential categories and definitions. Given that any update to the regional DCC bylaw will require review by the Provincial Inspector, this is a lengthy process and is best addressed through the comprehensive update in 2027.

In the meantime, an interim solution is needed to address Intensive Agriculture developments that occur before the new DCC rates are implemented in 2028.

Interim Solution: Expand the DCC Waiver/Reduction Bylaw to Include Intensive Agriculture with Low Environmental Impact

The *Local Government Act* outlines two situations where DCCs may not apply or fully apply: exemptions and waivers/reductions. DCC exemptions can apply in specific circumstances. For example, when a development does not impact or add an additional burden on infrastructure, or a building permit value is below $50,000. Metro Vancouver was able to work with one Intensive Agriculture applicant who was able to prove, with a Qualified Professional report, that the proposed greenhouse development would not place an additional burden on infrastructure as all water used was from collected rainwater and was therefore exempt from regional DCCs. However, for future applications that may have some impact on infrastructure, it is important for Metro Vancouver to have a solution to ensure that the viability of agricultural development is not impacted before the DCC Bylaw is updated in 2027. This could be done in the interim through a partial waiver/reduction.

Waivers/reductions are permitted, pursuant to a waiver/reduction bylaw, only for developments that are not-for-profit rental housing, for-profit affordable rental housing, or designed with a low environmental impact. The only applicable category for Intensive Agriculture would be for developments designed with a low environmental impact. To create a reduced DCC for Intensive Agriculture developments that have a low environmental impact, staff would need to establish the following as per the *Local Government Act* section 563:

- a definition of what constitutes an eligible Intensive Agriculture development or class of eligible developments;
- the requirements or criteria to be met (such as lower water use measures); and
- the reduced rate (e.g., amount or percentage of DCC fees to be waived).

Staff propose to work with member jurisdictions with Intensive Agriculture developments, and to analyze potential impacts to regional infrastructure, to develop these criteria and bring back a proposed DCC waiver/reduction bylaw for Committee and Board consideration in Q2 of 2025.

ALTERNATIVES

1. That the GVWD/GVS&DD/MVRD Board direct staff to develop a Development Cost Charge reduction for Intensive Agricultural developments that have a low environmental impact for Board consideration.

2. That the Finance Committee receive for information the report dated February 5, 2025, titled “Consideration of a Development Cost Charge Reduction for Intensive Agriculture.”

FINANCIAL IMPLICATIONS

In the Metro Vancouver region there are four municipalities that have a specific Intensive Agriculture DCC rate; Richmond, Surrey, Delta and Pitt Meadows, and rates range from $0 to $9.24 per square metre based on 2025 rates. Metro Vancouver's non-residential rate for water and parks combined is $59.63 per square metre based on 2025 rates, which would encompass Intensive Agriculture developments. Further, over the past 5 years, the number of building permits under this category can range from zero to over 4 per year with a development size range of just over 150 square meters of buildable area to over 101,000 square meters of gross floor area. This indicates significant variability in Intensive Agriculture developments, which creates difficulty in assessing future foregone DCC revenues and financial implications.

Should the Board choose alternative one, further analysis is required to determine the criteria and the applicable DCC rate for Intensive Agriculture development that would be eligible for a DCC reduction. Further analysis of financial implications will be provided should the Board direct staff to pursue the development of DCC partial waiver/reduction for Intensive Agriculture development.

CONCLUSION

Metro Vancouver has met with agricultural industry representatives over their concerns regarding the impacts of Metro Vancouver's DCC costs on Intensive Agricultural developments (such as greenhouses) who noted the current rates are threatening the viability of agricultural development in the region. While Metro Vancouver is undertaking a work plan to update its DCC program, the changes will not take effect until 2028. In the meantime, an interim solution is proposed for Board consideration. Staff propose undertaking further analysis to develop criteria for a DCC partial waiver/reduction for Intensive Agriculture developments that can be shown to have a low environmental impact, that is, a low impact in terms of water use. Staff recommend Alternative 1 to direct staff to undertake the work to develop a DCC reduction for Intensive Agriculture for Board consideration.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To:	Finance Committee
From:	Jean Lawson, Program Manager Intergovernmental Relations Harji Varn, Chief Financial Officer/General Manager, Financial Services
Date:	February 5, 2025 — Meeting Date: February 13, 2025
Subject:	**Funding from the Canada Housing Infrastructure Fund**

RECOMMENDATION

That the GVWD/GVS&DD/MVRD Board receive for information the report dated February 5, 2025, titled "Funding from the Canada Housing Infrastructure Fund".

EXECUTIVE SUMMARY

Metro Vancouver has the opportunity to apply for funding through the Canada Housing Infrastructure Fund (CHIF) direct delivery stream, which could result in $250 million in federal funding through the provincial stream for the Iona Island Wastewater Treatment Plant projects (Iona projects). The federal government designated funding to the Iona projects in the 2024 Fall Economic Statement; however, this contribution, starting in 2025–2026, is subject to Metro Vancouver meeting the conditions of the fund. To do this, Metro Vancouver will likely be required to lengthen the existing in-stream protection for its Development Cost Charge (DCC) program from 12 months to 24 months, which requires changes to provincial legislation. Metro Vancouver may also be expected to expand its affordable housing waiver framework to include inclusionary units provided by the private sector and turned over to not-for-profit housing providers to operate.

If in-stream protection were to be extended by an additional 12 months, the estimated foregone DCC revenue for Metro Vancouver is estimated to be $220 million, which would be roughly offset by the $250 million grant for the Iona projects. In addition to potentially satisfying the CHIF requirements, the proposed extension of the in-stream protection also responds to the concerns of the development community regarding the impact of DCCs. The federal government has not yet determined if Metro Vancouver's proposed measures will be accepted. In addition, the federal government's approval for these measures is directly linked to member municipalities' ability to apply for CHIF. Staff will report back as soon as there is further clarity.

PURPOSE

To inform the GVS&DD / GVWD / MVRD Board regarding opportunities to pursue funding from the Canada Housing Infrastructure Fund and subsequently requesting a lengthening of the in-stream protection period to a maximum of 24 months.

BACKGROUND

In April 2024, the federal government established the Canada Housing Infrastructure Fund (CHIF) that supports the construction and upgrade of water, wastewater, stormwater and solid waste infrastructure. The fund is being delivered via two streams: $1 billion through the direct delivery stream, and $5 billion through bilateral agreements with the provinces/territories. For the $5 billion provincial/territorial stream of the fund, British Columbia is being allocated $590.7 million over the next 10 years.

Provincial Stream
In December, the federal government specified in the 2024 Fall Economic Statement that $250 million in funding will be dedicated to the Iona Island Wastewater Treatment Plant through the provincial stream of CHIF, subject to the conditions of the fund. The provincial government has been negotiating the terms of this agreement, but it has not yet been finalized. Metro Vancouver will likely be required to lengthen the existing in-stream protection for its Development Cost Charge (DCC) program from 12 months to 24 months, which would necessitate changes to provincial legislation. Metro Vancouver may also be expected to expand its affordable housing waiver framework to include inclusionary units provided by the private sector and turned over to not-for-profit housing providers to operate.

Direct Delivery Stream
To be eligible to receive funding through the direct delivery stream, municipalities and regional governments are required to adopt two conditions:

1. Adopt zoning for "four units as-of-right" per lot in all low-density residential areas with municipal servicing (i.e., water and sewer) in communities with populations greater than 30,000; and
2. Implement a three-year freeze on increasing development charges above the rates that were in effect as of April 2, 2024 (when CHIF was initially announced) in municipalities or regional governments with populations greater than 300,000, according to Statistics Canada.

Therefore, the federal government has tied regional districts' DCCs to municipalities' ability to apply for CHIF. However, on a case by-case basis, the federal government may take into consideration alternative measures adopted to reduce the cost of construction of new homes and encourage developers to build more homes. Metro Vancouver has proposed lengthening the in-stream protection period for the DCC program from 12 months (currently permitted provincially) to 18 or 24 months, subject to Board approval, to fulfil the requirements of this program and make eligible both Metro Vancouver and its member municipalities for funding. The federal government has not yet provided a response determining Metro Vancouver's eligibility.

The application period for this program closes on March 31, 2025.

Funding Eligibility and Required Changes
Metro Vancouver has been working closely with member jurisdictions, the development community and the Province of British Columbia to explore lengthening the in-stream protection period for the DCC program from 12 months (currently permitted provincially) to 18 or 24 months. If implemented, the estimated foregone DCC revenue could range from $70 million to $220 million, which is based on Regional Planning's dwelling unit projections and Metro Vancouver's DCC rates as per the 3 year phase-in. The foregone revenue, under the current financial framework would need to come from existing ratepayers if CHIF funding or other third-party funding is not received.

In addition, the Province of BC would need to make a legislative change in the *Local Government Act* to adjust the in-stream projection. To meet the timeline of the end of Metro Vancouver's current in-stream protection, the provincial government would need to pass enabling legislation within the first two weeks of parliament reconvening this spring.

If Metro Vancouver accepts the terms of this program, once finalized, and lengthens the in-stream protection period for its DCC program, Metro Vancouver's member municipalities with a population of under 300,000 would become eligible to apply for funding through CHIF.

Staff will report back as soon as more information is available.

ALTERNATIVES
As this is an information report, no alternatives are provided. Given that there are many uncertainties and interdependencies for CHIF right now, staff wanted to provide an update to the Board and an opportunity to provide input or feedback on the opportunity.

FINANCIAL IMPLICATIONS
Metro Vancouver has modelled two scenarios, using regional planning data and the current DCC rate structure, with respect to extending the in-stream protection to 18 or 24 months, which includes the 12 months of existing in-stream protection. If implemented, the estimated foregone DCC revenue could range from $70 million to $220 million, which under the current financial framework would need to come from existing ratepayers if CHIF funding or other third-party funding is not received.

On an overall basis, the $250 million in funding dedicated to the Iona Wastewater Treatment Plant would roughly replace the overall $220 million in DCC foregone revenue. However, when examining the Sewerage Area implications, because the Iona projects, under the current cost apportionment bylaw is mostly allocated to the Vancouver Sewerage Area (VSA), the impact of the $250 million for the Iona projects would have more of an impact on VSA. Over the 2025-2029 Financial Plan, with the shift of revenue via DCCs to the federal funding for the Iona projects, Metro Vancouver could still achieve the overall HHI of 5%. However, by sewerage area, there would be a slight increase for the Fraser Sewerage Area (FSA) (at 0.1% - 0.6% increase) and other sewer areas (at most a 0.1% increase), offset with a decrease in VSA (0.1% - 0.9% HHI decrease).

The trade-off the Board will be asked to consider is accepting the $250 million for the Iona projects and in exchange, foregoing $220 million in DCC revenue, potentially expanding the DCC waiver program, and as a result, unlocking the ability of member municipalities to apply for CHIF.

CONCLUSION
This report provides information on the potential funding available through the Canada Housing Infrastructure Fund the subsequent changes the Metro Vancouver Board would need to make to the current DCC program. The implication is that the Federal Government would be providing $250 million for the Iona Wastewater Treatment Plant, however, it is estimated that Metro Vancouver would be forego between $70 million to $220 million in DCC revenues.

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COMMITTEE INFORMATION ITEMS AND DELEGATION SUMMARIES

Greater Vancouver Water District
Board Meeting Date – Friday, February 28, 2025

This information item, listing recent information received by committee, is provided for the GVWD Board's information. Please access a complete PDF package here.

Finance Committee – February 13, 2025

Delegation Summaries:

C1 Ray VanMarrewyk, Director at BC Greenhouse Growers' Association and BC Agriculture Council
Subject: Consideration of Development Cost Charge Reduction for Intensive Agriculture
Executive Summary provided