

Memo



Date: Sept 3, 2010
File: 0245-20
To: City Manager
From: General Manager, Community Services
Subject: Development Cost Charges for Agricultural Lands

Recommendation:

THAT Council give reading consideration to Bylaw No. 10391 being Amendment No. 6 to Development Cost Charges Bylaw No. 9095;

AND THAT Council approve the Development Cost Charge Bylaw - Farm Property Interpretation Council Policy No. 353 as attached to and forming part of the report dated September 3, 2010 from the General Manager, Community Services;

AND FURTHER THAT Council approves reimbursement of applicable fees upon provincial approval of the proposed amendments for applications affected under the provisions of this revision that were received subsequent to the first 3 readings of Bylaw No. 10391, being amendment No. 6 to Development Cost Charge Bylaw No. 9095.

Purpose:

This report is the result of Council direction following a report on this subject in January to review DCC charges for agricultural land and receive input of stakeholders.

Background:

On January 18th, 2010 Council considered a report on proposed Council Policy 353 - Development Cost Charge Bylaw - Farm Interpretation. The policy was to provide clarity on the charges that apply to agriculturally zoned land. This was because of the many different activities that are now permitted on agricultural land. Of key concern was the charge of DCCs for the construction of a single family home on an agricultural land parcel. Staff were directed to develop a chart of different DCC charges currently levied by the City, consult with stakeholders including the Agricultural Advisory Committee, Central Okanagan Economic Development Commission, and the BC Fruit Growers Association. Staff was also asked to consider decreasing or waiving DCCs on agricultural land.

Activities on agricultural land are extremely varied and increasingly complex. In addition to traditional activities of raising livestock and crops, activities include wineries, fruit and vegetable sales, veterinarian services, commercial nurseries, crop processing and packaging, tourist activities, and tourist accommodations. Some of these activities are year round, others seasonal, and others short term.

A handwritten signature in blue ink, located in the bottom right corner of the page.

Development Cost Charges are a mechanism for municipalities to recover the costs of major infrastructure expansion to support community growth. The City of Kelowna has DCCs to recover the costs of major road infrastructure, parkland acquisition, water infrastructure, and sanitary sewer infrastructure. The activities on agricultural land have varying impacts on the need for major infrastructure improvements. An example of major infrastructure impacts is the water supply needs of agriculture. The seasonal water needs of farming typically trigger significant water demands and major infrastructure impacts. The City charge DCCs for new water demands and the 4 major Improvement Districts all charge the equivalent of DCCs to recover their infrastructure expansion costs to support this. Other aspects of farming or permitted commercial and industrial activities have a lower impact or only seasonal impacts. These include seasonal tourism activities, many fruit and vegetable sales, etc. Some uses of agricultural lands have no impact on major infrastructure such as farm equipment storage and livestock buildings. In this context it is very challenging to determining an appropriate and consistent DCC charge.

As previously indicated the City cannot exempt any one zone classification of land from DCC charges. Similar activities (i.e. housing) across different zones must pay similar DCC charges. In consideration of all these factors, staff recommends the following:

- 1) That construction of a single family home on all permitted vacant parcels of land be exempt from DCC charges. Council will recall provincial legislation previously did not allow DCC charges for developments of less than 4 units of housing. This was amended a few years ago and Council approved charging all units of housing DCCs since they all create new demand on infrastructure systems. Staff has reviewed the experience of this change and believe that this should be amended to less than 2 units of housing. There have been a number of examples where a vacant lot is constructed on many years after subdivision was approved prior to the implementation of DCC charges. This becomes an unexpected cost to the property owner who has a fully service lot and often at a time when they already have approved financing in place. This change will effectively allow one house to be built on any vacant lot where single family housing is permitted.
- 2) That a Seasonal Agricultural DCC category be created for seasonal commercial and industrial facilities constructed on agricultural land. These seasonal activities on average do not generate peak demands on all major infrastructure consistent with similar activities in other zones. These activities include crop processing and packaging, tourism activities, and seasonal fruit and vegetable sales. In this category there would still be full charges for Water or Sewer DCCs, where applicable, since their infrastructure expansion triggers are driven by peak demands, if even for short term periods. However, there is a recognition that road usage created by seasonal commercial and industrial facilities in the agricultural area do not trigger the same level of demand for road expansions. Our agricultural zones are outside the built up areas of the city and the traffic is often in the non-peak direction or at times that does not trigger need for road expansion. Many of the seasonal agricultural tourism, commercial or industrial activities generate lower than average traffic volumes due to their distances away from the built up areas. With those factors in mind staff are recommending the Road DCC component be charged at 50% of the regular rates for those road sectors. Staff will review each application to determine if they qualify for seasonal DCC charges based on intended use and will have each property owner enter into a covenant to ensure commitment to the seasonal use.
- 3) Council approved as part of proposed Council Policy 353 that where the existing home is under 90 m² and converted to farm help that the new home be charged the Secondary Suite DCC rate of \$2500. Staff recommends this continue.
- 4) Storage facilities of on site produced farm products will not trigger DCC charges.

The changes above provide clarity to the charging of DCC for activities on farm land while maintaining the integrity of DCC charges in recovering the cost of major infrastructure expansions as a result of community growth.

Internal Circulation: Director of Financial Services, Director of Development Services, Director of Land Use Management, General Manager Corporate Sustainability, General Manager Community Sustainability

Legal/Statutory Authority: Local Government Act

Legal/Statutory Procedural Requirements: Bylaw changes will require provincial approval.

Existing Policy: Council Policy 353 is created to incorporate these recommended changes.

Financial/Budgetary Considerations: There will be a loss of revenue to the DCC funds from not charging single family homes on vacant parcels that will have to be covered by the taxpayer. It is estimated that this may be up to \$500,000 annually and will be built into the city assist factors for development. Recognizing the significant delays in bringing forward this report, Council is being requested to support a special one-time refund upon provincial approval to those who apply subsequent to the 3 readings of this bylaw.

Personnel Implications: This should result in improved customer service with the improved clarity and changes to the bylaw.

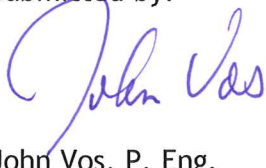
Considerations not applicable to this report:

Alternate Recommendation:

External Agency/Public Comments:

Community & Media Relations Comments:

Submitted by:



John Vos, P. Eng.

Attachments (3)

cc. Internal Circulation List

CITY OF KELOWNA

BYLAW NO. 10391

Amendment No. 6 to Development Cost Charge Bylaw No. 9095

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. THAT City of Kelowna Development Cost Charge Bylaw No. 9095 be amended by deleting PART 3 – DEVELOPMENT COST CHARGES, Section 3.1 (b) in its entirety and replacing it with the following new section:
 - “(b) a building permit authorizing the construction, alteration or extension on a parcel of land of any building containing more than one self-contained dwelling unit and thereafter in respect of that same parcel:
 - (i) any building permit authorizing the construction of another building containing one or more self-contained dwelling units; or
 - (ii) any building permit authorizing the alteration or extension of any building for the purpose of adding one or more self-contained dwelling units within such building.”
2. This bylaw shall be cited for all purposes as “Bylaw No. 10391, being Amendment No. 6 to Development Cost Charge Bylaw No. 9095”.
3. This amending bylaw shall come into full force and effect and be binding on all persons as and from the date of adoption.

Read a first, second and third time by the Municipal Council this

Approved by the Inspector of Municipalities this

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk



City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4
250 469-8500
kelowna.ca

Council Policy

Development Cost Charge Bylaw - Farm Property Interpretation

APPROVED @

RESOLUTION:
REPLACING: NA
DATE OF LAST REVIEW: January 2010

Under the City of Kelowna Development Cost Charge Bylaw No. 9095, the bylaw allows for Development Cost Charges (DCC's) to apply to developments of less than four residential units which allows collecting DCC fees from developments such as individual residential units and duplexes. The primary role is to clarify that the applicable DCC charges are for farm help housing as well as for tourism housing. The policy identifies all potential DCC charges that are applicable to the many uses on agricultural lands.

GUIDELINES

- 1) Construction of a single family home on a vacant agricultural parcel will not trigger the applicable single family DCC charges.
- 2) Where the existing home on agricultural land is converted to house farm help and a new home is being constructed on the property, the DCC charge will vary depending on the size of the existing home. If the existing home is under 90m² then the size is consistent with the Secondary Suite Rate and that rate will apply (currently \$2500). Otherwise, a single family DCC rate will apply. As well the farm help building will have to register a covenant with a commitment that the farm help housing will only be for that purpose.
- 3) Where the housing is being constructed strictly for farm help:
 - a. Where individual units for seasonal farm help are being constructed and are under 90m² then the Secondary Suite Rate shall apply and a covenant will be registered for the farm help.
 - b. Where farm help is proposed to be housed in a single large building then a single family DCC rate will be applied. Again a covenant will be registered against the building.
- 4) For various non residential buildings likely to be constructed on farm land:
 - a. Livestock housing buildings – No DCCs
 - b. Farm Equipment Storage – No DCCs
 - c. Crop Processing Buildings – Industrial DCC rate for year round facilities. Where use is seasonal (as defined by Zoning Bylaw) Roads DCC will be 50% of the Bylaw rates.
 - d. Kennels, Riding Stables, Fruit and Vegetable stands, Cottage wineries, Veterinary Services, Commercial Nursery, home based businesses space – commercial DCC rates would apply for year round use, where seasonal Roads DCC will be at 50% of Bylaw rates.
- 5) Agricultural Tourism
 - a. Farm Inn – If the units have a kitchen then Residential rates apply, without kitchen then Commercial rates apply.
 - b. Any Tourism housing buildings of value over \$50,000 – then residential rates will apply depending on the size.

REASON FOR POLICY

To provide direction to staff and potential developers.

LEGISLATIVE AUTHORITY

Local Government Act, Part 26, Division 10.

PROCEDURE FOR IMPLEMENTATION

Implementation through various City staff.

DEVELOPMENT COST CHARGES - 2010

<u>Comparison to various land uses</u>	Single Family	Res 4 Apartments >4 stories	Commercial per 1,000 sq/ft	Industrial per Acre	Seasonal Agriculture Commercial per 1,000 sq/ft
GROWTH AREA	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
City Centre	20,608	12,926	5,271	26,994	3,860
Clifton/Glen. Hghld	21,905	13,366	5,769	30,623	4,358
Glenmore Valley (GEID)	18,851	12,328	4,595	22,073	3,183
Rutland (RWW)	18,851	12,328	4,595	22,073	3,183
North East Rutland (BMID)	24,180	15,100	6,235	27,402	4,003
Hwy 33 - North East (BMID)	26,607	16,362	6,982	29,829	4,377
Hwy 33 - South West (BMID)	23,353	14,669	5,980	26,575	3,876
University / Airport (GEID)	23,878	14,942	6,142	27,100	3,957
McKinley (GEID, N/A)	19,272	12,454	4,370	14,203	2,185
Southeast Kelowna (SEKID, N/A)	30,598	18,344	7,855	25,529	3,928
S.W. Mission	35,124	20,566	9,734	41,415	6,081

Services Impacted by NO City of Kelowna Water or Sewer

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

Development Cost Charges for All Services Applicable to Development Within the Municipality

SERVICE AREA	Sector	Residential 1	Residential 2	Residential 3	Residential 4	Residential 5	Residential 5	Secondary	Commercial	Seasonal	Institutional "A"	Institutional "B"	Industrial/	Industrial/	Seasonal
		To 15 Units/hectare (Each Lot or Unit)	>15-35 Units/hectare (Each Lot or Unit)	>35-95 Units/hectare (Each Lot or Unit)	Greater Than 85 Units/hectare (Each Lot or Unit)	Maximum applied to 600 sq. ft. unit	Per Square Foot of habitable floor space applied to units	Suites Per Unit	For 1st 1,000 sq. ft. of floor area or portion; 1/1,000th the rate for per sq. ft. over 1,000	Agricultural/ Commercial (See Commercial)	For 1st 1,000 sq. ft. of floor area or portion; 1/1,000th the rate for per sq. ft. over 1,000	For 1st 1,000 sq. ft. of floor area or portion; 1/1,000th the rate for per sq. ft. over 1,000	Campground Minimums	Campground Per Acre Over Minimum Developable Land	Agricultural/ Industrial Minimums
2,500															
ROADS															
SE Kelowna	R-A	25,529	20,423	14,041	13,275	10,211	17.02		7,855	3,928	7,855		25,529 - 1st acre/portion	25,529	12,765
South Mission	R-B	23,743	18,995	13,059	12,346	9,497	15.83		7,306	3,650	7,306		23,743 - 1st acre/portion	23,743	11,872
NE Rutland	R-C	14,505	11,604	7,978	7,543	5,802	9.67		4,463	2,202	4,463		14,505 - 1st acre/portion	14,505	7,253
Bell Mountain	R-D	16,932	13,546	9,313	8,805	6,773	11.29		5,210	2,605	5,210		16,932 - 1st acre/portion	16,932	8,466
Gallagher Ridge	R-F	13,678	10,942	7,523	7,112	5,471	9.12		4,208	4,104	4,208		13,678 - 1st acre/portion	13,678	6,839
Univ. S/S, McKinley	R-E	14,203	11,362	7,811	7,385	5,681	9.47		4,370	2,185	4,370		14,203 - 1st acre/portion	14,203	7,102
City Centre - Note 1	R-1	9,176	7,341	5,047	4,771	3,670	6.12		2,823	1,412	2,823		9,176 - 1st acre/portion	9,176	4,588
WATER															
City Centre - Note 2	W-A	1,757	1,178	844	598	492	0.82		676	676	676		1,757 - 1st .36 acre/portion	4,921	4,921
South Mission	W-B	1,289	864	619	438	361	0.60		496	496	496		1,289 - 1st .36 acre/portion	3,609	3,609
Clifton/Glenmore	W-D	3,054	2,046	1,466	1,038	855	1.43		1,175	1,175	1,175		3,054 - 1st .36 acre/portion	8,551	8,551
TRUNKS															
City Centre - Note 3	S-A	1,562	1,297	875	844	687	1.15		601	601	601		1,562 - 1st .36 acre/portion	4,375	4,375
South Mission	S-B	1,979	1,642	1,108	1,069	871	1.45		761	761	761		1,979 - 1st .36 acre/portion	5,541	5,541
TREATMENT															
City Centre - Note 3 & South Mission	T-A	3,044	2,526	1,704	1,644	1,339	2.23		1,171	1,171	1,171		3,044 - 1st .36 acre/portion	8,522	8,522
PARKS	P-A	5,069	5,069	5,069	5,069	5,069	8.45		Exempt	Exempt	Exempt		Exempt	Exempt	Exempt
NOTES															
1. City Centre, Diwirth Periphery, North Spec 7, South Spec 7, Central Mission, Clifton, Glenmore Highlands, Glenmore Valley, Rutland, South of Hwy 97, Sexsmith, Hail road															
2. City Centre, Diwirth Periphery, North Spec 7, South Spec 7, Central Mission															
3. City Centre, Diwirth Periphery, North Spec 7, South Spec 7, Central Mission, Clifton, Glenmore Highlands, Glenmore Valley, Rutland, South of Hwy 97, Sexsmith, Hail Road, NE Rutland, University South, S. McKinley, Bell Mountain, Gallagher Ridge															
Roads - Charges are Net of "Assist Factor" of 15%															
Wastewater/Trunks/Treatment - Charges are Net of "Assist Factor" of 1%															
Water - Charges are Net of "Assist Factor" of 1%															
- Areas not noted above are provided water by suppliers other than the City															
Parks - Charges are Net of "Assist Factor" of 8%															
General - 1,000 square feet is considered to be the equivalent of 92.9 meters															
- sector designations denote geographical areas as designated on attached Sector maps A1 to A5															

P:\Strategy\Infrastructure & Transportation\Partnership\010 COLLOCUB10-51 Meeting Package-Report\CDH\VO320\Down\Ver1\2010 08-28-2008 DCC Bylaw No. 10117 (0).docx-BYlaw-07