

Fluffy to Factual: Financial Tools to Facilitate Sustainable Community Development

Session 2: Financial Tools Summary Sheet

May 11, 2016

Finance Tool	Examples	Links
<p>Revitalization Tax Exemption Bylaws</p> <ul style="list-style-type: none"> • Purpose is to encourage various types of economic, social, or environmental revitalization to the community; • Authority to exempt land or improvements or both, from the municipal portion of property taxes (Section 226 of the Community Charter); • Can apply to an area or areas, certain type of property or properties, a particular activity or circumstance related to property or properties or an entire municipality. • Functions like a Permissive Tax Exemption once a property owner has met requirements established in bylaw. • RTEs are exempt from the prohibition on assistance to business of the <i>Community Charter</i> 	<p><u>District of Sooke</u></p> <ul style="list-style-type: none"> ✓ Sliding scale tax exemptions of 4 years (Year 1 0%, Year 2 40%, Year 3 70% Year 4 100%) ✓ Non-profit and for-profit rental housing with housing agreement ✓ LEED projects ✓ Within Town Centre Revitalization Area ✓ Combined with DCC reductions for higher density, non-profit and LEED <p><u>City of Kamloops North Shore</u></p> <ul style="list-style-type: none"> ✓ 10 year term, 20-60% sliding scale ✓ Development checklist outlining criteria to achieve a score- sustainability, design, housing criteria, housing tenure. ✓ Includes DCC reductions for social housing, green projects and small units. <p><u>Town of Comox</u></p> <ul style="list-style-type: none"> ✓ Downtown ✓ 3 years with 50% exemption for non-LEED residential or mixed use above 3 storeys ✓ 6 years with 50% exemption for LEED residential or mixed use ✓ 5 years for 100% exemption for non-LEED 4 storeys+ ✓ 8 years for 100% exemption for LEED 4 storeys + 	<p><u>BC Province Revitalization Tax Exemptions: A Primer on the Provisions of the Community Charter</u></p>

	<p>City of Prince George Multi-Family Residential RTE Bylaw: Get a tax incentive (5 year for nodes and corridors or 10 year in designated town centre area) if a multi-family development (3 units or more);</p> <ul style="list-style-type: none"> • Within the growth priority areas (Town centre and Nodes and corridors) near transit, amenities. • Meets minimum of 50% adaptability requirements • Includes DCC reductions for non-profits and sustainability components including higher density 	
<p>Development Cost Charges (DCCs)</p> <p>DCCs are monies collected from land developers by a local government, so that they pay a portion of the infrastructure expenditures necessary to service their development. These expenditures may include those incurred for constructing, altering or expanding sewage, water, drainage and highway facilities (other than off-street parking facilities), and providing and improving park land at time of subdivision or building permit. All other infrastructure, such as fire & police halls, recreation centres, libraries) and soft services, such as staffing, may not be cost recovered.</p> <p>DCCs are generally determined by dividing the net capital infrastructure costs attributable to new development over a certain time period, by the corresponding number of projected development units (or area) that will be developed in that same time period. DCC calculations typically coincide with Financial Plan, and are commonly imposed on a range of land uses, including both residential and non-residential.</p> <p>DCCs can be specified according to different zones, specified areas, uses, capital costs, and different sizes or different numbers of lots or units. The charge must be for cost recovery (not profit) and be kept</p>	<p>City of Kelowna</p> <ul style="list-style-type: none"> ✓ Affordable Rental Housing Grants to offset a portion of DCCs <p>Regional District of Nanaimo</p> <ul style="list-style-type: none"> ✓ RDN for affordable housing ✓ City of Nanaimo for affordable housing ✓ Parksville for not for profit and affordable housing ✓ Qualicum Beach for consideration in downtown area for affordable housing or low environmental impact development <p>City of Nanaimo</p> <ul style="list-style-type: none"> ✓ Downtown area exemption (100%) <p>Maple Ridge</p> <ul style="list-style-type: none"> ✓ Downtown Incentives Program ✓ Employment Lands Incentives Program 	<p>Division 19 of LGA — Development Costs Recovery</p> <p>MCSCD DCC page</p> <p>DCC Best Practices Guide</p> <p>Development Finance Choices Guide</p>

<p>and for the specific type of infrastructure for which it was collected (e.g. can't use a water DCC to construct roads). DCCs may not be charged more than once for a development, but may be charged for new incremental development (e.g. a 6-storey building replacing a 4-storey, so 2 storeys of units may be charged).</p> <p>DCCs may be partially or fully exempted for not-for-profit rental housing, for-profit affordable rental housing, a subdivision of small lots designed for low GHG emissions, and low environmental impact developments. These exemptions do not contravene the assistance to business prohibition in the <i>Local Government Act</i> or the <i>Community Charter</i>. The LGA has standard exemptions for building permits for tax exempt properties, residential development of less than 4 units and the value of work is less than \$50,000. Foregone DCC revenues must be recovered from other sources, usually general taxation. The unmet expenditures may not be recovered by increasing DCCs for other developments.</p> <p>DCC authority is contained in Division 19, sections 558-570 of the <i>Local Government Act</i>, and DCC bylaws must be approved by the Inspector of Municipalities.</p>	<p>City of Prince George</p> <ul style="list-style-type: none"> ✓ Lower rates for multi-family development in Primary and Secondary Growth Areas <p>City of Kamloops</p> <ul style="list-style-type: none"> ✓ Partial to full exemptions for affordable housing 	
<p>Local Area Service</p> <p>A local area service is a municipal service to be paid for in whole or in part by a local service tax under section 216 of the Community Charter. Local governments can implement a local area service for any services the Council considers provide particular benefit to part of the community.</p> <p>The cost is often front-ended by the local government, then recovered from property owners within the local improvement area using a parcel tax. The parcel tax may be based on a single amount for each parcel or the taxable frontage of the parcel. The municipality most often collects 100% of the cost of the improvement from the benefiting owners; however, the local government can subsidize a portion of the cost from general revenues from the entire</p>	<p>All Business Improvement Areas are LIAs (section 215)</p> <p>Township of Langley</p> <ul style="list-style-type: none"> ✓ Council policy <p>Bowen Island</p> <ul style="list-style-type: none"> ✓ Snug Cove Sewer System <p>City of Richmond</p>	<p>Division 5, Community Charter</p>

<p>municipality.</p> <p>Property owners may petition a Council for the service, or subject to counter petition, the local government may initiate the service. A property value tax or a parcel tax may be used to cost recover.</p> <p>Legislative authority is Division 5, sections 210-219.</p>	<p>✓ Road improvements</p> <p>City of Rossland</p> <p>Water reservoir</p>	
<p>Application User Fees</p> <p>A local government may, by bylaw, impose fees for OCP, Land Use/Zoning Bylaw, subdivision amendments or Board of Variance, Land Use/Zoning or subdivision inspections and permits. The fee imposed must not exceed the estimated average costs of processing, inspection, advertising and administration that are usually related to the type of application or other matter to which the fee relates. A local government, however, may reduce or eliminate fees as an incentive for certain activities. The foregone revenue would most likely be recovered from general taxation.</p>	<p>Local government practice has often been to set an arbitrary fee that is not regularly updated to reflect inflation or other changes to costs. The average cost of providing the service should be charged to the user as provided by the legislation.</p>	<p>Section 462 of LGA - Fees related to applications and inspections</p>
<p>Self Funding Utilities</p> <p>Municipal services, including core infrastructure assets such as storm sewer, sanitary sewer, potable water and roads, may be provided by establishing a utility through the authorities listed below. They can be required to be self-funding so would have to cost recover operation, maintenance and replacement funding. Fees may be based on user pay and provide fee reductions for sustainability initiatives which would reduce utility use. Utility bills may also be separated from property tax bills.</p> <p>Section 8(2) of the <i>Community Charter</i> enables a municipality to provide any service that the council considers necessary or desirable, and may do this directly or through another public authority or another person or organization. Subsection (3) enables a council may, by bylaw, regulate, prohibit and impose requirements in relation to the following:</p> <p>(a) municipal services;</p>	<p><i>Example:</i></p> <p>Stormwater utilities are usually comprised of a network of pipes, streams, ponds and lakes for detention and water quality control. The utility may be established to address both the built stormwater system (e.g. pipes, pump stations, outfalls) and the natural stormwater system (e.g. ponds, streams). The primary purposes are flood protection, erosion control and environmental protection. Possible programs for a stormwater utility are:</p> <ul style="list-style-type: none"> • water quality control, including education • operations and maintenance • development regulation • capital improvements 	<p>Section 8, 12 & 194 of the Community Charter</p> <p>Stormwater Planning: A Guidebook for British Columbia, Part C - Moving from Planning to Action</p>

<p>(g) the health, safety or protection of persons or property in relation to matters referred to in section 63 [<i>protection of persons and property</i>];</p> <p>(i) public health;</p> <p>(j) protection of the natural environment;</p> <p>Section 12(1) of the Community Charter enables:</p> <p>A municipal bylaw under this Act may do one or more of the following:</p> <p>(a) make different provisions for different areas, times, conditions or circumstances as described by bylaw;</p> <p>(b) establish different classes of persons, places, activities, property or things;</p> <p>(c) make different provisions, including exceptions, for different classes established under paragraph (b).</p> <p>(2) A council may, in exercising its powers under section 8 (1) [<i>natural person powers</i>], establish any terms and conditions it considers appropriate.</p> <p>Section 194 enables:</p> <p>(1) A council may, by bylaw, impose a fee payable in respect of</p> <p>(a) all or part of a service of the municipality,</p> <p>(b) the use of municipal property, or</p> <p>(c) the exercise of authority to regulate, prohibit or impose requirements.</p> <p>(2) Without limiting subsection (1), a bylaw under this section may do one or more of the following:</p> <p>(a) apply outside the municipality, if the bylaw is in relation to an authority that may be exercised outside the municipality;</p> <p>(b) base the fee on any factor specified in the bylaw and, in addition to the authority under section 12 (1) [<i>variation authority</i>], establish different rates or levels of fees in relation to different factors;</p> <p>(d) establish terms and conditions for payment of a fee, including discounts, interest and penalties;</p> <p>(e) provide for the refund of a fee.</p>		

<p>Asset Management BC Framework</p> <p>The Asset Management BC Framework recognizes asset management is an integrated process, bringing together skills, expertise, and activities of <u>People</u>; with <u>Information</u> about a community's physical <u>Assets</u>; and <u>Finances</u>; so that informed decisions can be made, supporting the sustainable delivery of services. The Framework is scalable to community size and capacity. It defines a continuous process for <u>Assessing</u>, <u>Planning</u>, and <u>Implementing</u>. The <u>full cost or life-cycle cost</u> of assets are required to deliver sustainable services and thus the capital, operations, maintenance, and replacement costs are critical elements of asset management. Effective asset management allows a local government to more accurately assign costs of infrastructure to those who benefit from it and has the potential to reduce the long term costs of infrastructure by reducing borrowing costs.</p>		<p>http://www.assetmanagementbc.ca/framework/</p>
<p><i>Green Communities Amendment Act (Bill 27, 2008) Authorities</i></p> <ol style="list-style-type: none"> 1. Targets in OCPs and regional growth strategies for reducing greenhouse gas emissions 2. Development cost charge exemptions, waivers or reductions 3. Expanded development permit area authority 4. Flexibility related to off-street parking 		

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