Development Cost Charge for Regional Transportation Infrastructure

The Mayors' Council and TransLink are currently seeking approval from the provincial government to implement a Regional Transportation Development Cost Charge (DCC), which is anticipated to come into effect in 2020.

The DCC will help fund the capital portion of our investment plan and ensure the Mayors' 10-Year Vision stays on track. With more than a million people coming to the region in the next 30 years, delivering the 10-Year Vision is critical for keeping the region moving and livable.

A new DCC would allow a fee to be collected from new developments to help pay for new transportation infrastructure required to support growth. DCCs are widely used in BC to help cover growth-related infrastructure costs (such as roads, sewer and water). Transit infrastructure, however, is not currently an eligible cost and would require new legislation.

In anticipation of the Province approving the DCC, we are working with our partners and stakeholders to determine the structure, rates and best way to implement the DCC.

One of our goals is to ensure the DCC is set at a rate that won't curb new developments or increase housing prices. In addition, we're looking at reducing or waiving the DCC to support affordable-rental housing, similar to the programs offered by local governments. We're committed to ensuring that a new DCC will not impact the price or supply of affordable-housing development.

We expect to have a draft framework on the structure and implementation of the DCC completed in early 2018. The draft framework will then go to the Mayors' Council and TransLink Board for input and further review. Our goal is to have a bylaw drafted and adopted by the TransLink Board, including final rates, by the end of 2018. We anticipate that we'd begin collecting the new DCC in 2020.

FAQs

1. Why does TransLink need another revenue source?

- We must come up with new regional funding sources to complete the Mayors' 10-Year Vision, which is critical for keeping the region moving and livable.
- There is increased demand on Metro Vancouver's transportation network, while some existing funding sources are static or declining.
- Rather than only rely on existing revenue sources such as taxes and fares, we want to find new revenue-generating opportunities to meet the region's growing demands.

2. What is a Development Cost Charge?

- A DCC is a fee that would be applied to new developments in Metro Vancouver, starting in 2020, to help pay for new transportation infrastructure.
- DCCs are widely used in BC to help cover growth-related infrastructure costs (such as roads, sewer and water). Transit infrastructure, however, is not currently an eligible cost and would require new legislation.

3. What are the advantages of a Development Cost Charge?

- It's transparent, easy to understand and easy to administer.
- A DCC obtains revenue from new urban development, which is consistent with the idea that growth should help pay for growth-related infrastructure costs.
- Provided that DCC rates are set carefully, the cost of a DCC tends to be borne by land owners who are selling property for development property, rather than home-owners or renters.
- It generates a reasonable and relatively reliable stream of revenue.

4. What infrastructure will be funded by the DCC?

- The new DCC will help fund capital projects in the 2017 and future Investment Plans.
- The DCC can only be used for capital purposes, not operating expenses.

5. How much do you expect to charge for the DCC?

- Proposed DCC rates are still being determined and will be informed by stakeholder consultation.

6. Will the rate of the DCC be higher for developments closer to transit hubs?

- Specific options for structuring the DCC will be discussed during the consultation process with stakeholders. We will have a better sense of how the DCC will be structured once we have a draft framework in early 2018.

7. How much revenue do you expect to be collected by the DCC?

- The structure and rates are still being determined, however, the new DCC is expected to generate between $15 and $20 million per year.

8. How can you be sure developers won't download the cost of the DCC to home buyers?

- Housing prices are set by overall supply and demand in the marketplace, so developers can't unilaterally increase prices on individual projects.
- The usual response to an increase in developer cost is to reduce what developers are willing to pay for land. As long as a new cost is small enough, it won't have enough impact to result in reduced availability of development sites. Therefore, it will not affect the sale price of new housing units.

9. What public consultation has TransLink done on the proposed DCC?

- We carried out public consultation on the proposed funding sources, including the DCC, for our 2017-2026 Investment Plan in October, 2016. Now that the investment plan has been adopted, stakeholder consultation will focus on the design decisions of the DCC and preliminary rates.

10. What is the overall process and anticipated timeline?

- In October, we're conducting initial stakeholder consultation to seek input on how to structure the DCC and preliminary rates. We will take the input we receive and create a draft framework, including preliminary rates, by early 2018. The draft framework will then go to the Mayors' Council and TransLink Board for input and further review. Our goal is to have a bylaw drafted and adopted by the TransLink Board, including final rates, by the end of 2018.
- We will inform the development community of the approved DCC throughout 2019.
- We anticipate that we'd begin collecting the new DCC in 2020.