

Attachment 12

*Budget 2025 Themed Memo -
Financing Growth*

Memorandum

To: Mayor and Councillors Date: November 25, 2024

From: Lisa Spitale
Chief Administrative Officer File:

*On behalf of the Senior
Management Team*

Subject: The City's Financing Growth Strategy

PURPOSE

This memo provides Council with the principles and assumptions in the City's Financing Growth Strategy. This Strategy informs the pending Development Cost Charge and Amenity Cost Charge rates and bylaws, and the density bonusing, inclusionary zoning policies and future municipal rates. This Strategy also informs the City's Capital Plan, individual Departmental Master Plans and the City's advocacy efforts for senior government funding.

SUMMARY

The Senior Management Team is developing the City's Financing Growth Strategy. This corporate-wide Strategy is required as a result of the changes from the Provincial housing legislation whereby municipalities will now fund growth-related infrastructure and amenities differently. Significant work is underway aligning the 10-year population projections and the 5-year Provincial housing targets with new infrastructure and amenities requirements needed to support growth in New Westminster.

OVERVIEW AND CONTEXT

The Province's new housing legislation has significantly changed how municipalities address residential growth; namely, cities now have less control over the location of growth, the timing of growth, and how infrastructure and amenities are funded as a result of growth.

This memo focuses on the latter aspect: how cities will now fund new infrastructure and amenities. By way of background, on January 29, 2024 City staff presented a report to Council that provided an overview and the implications of the new Provincial legislation, which can be viewed [here](#).



Among the items discussed in that report was the acknowledgement that the Province expects municipalities to move away from negotiated approaches on development contributions – such as Voluntary Amenity Contributions – towards fixed rate approaches for the majority of development applications, i.e. Amenity Cost Charges (ACCs), Development Cost Charges (DCCs), density bonusing and inclusionary housing.

The Province has also issued a Housing Target Order for New Westminster. Given the Province’s mandated housing target, the Senior Management Team is working to better understand what the City’s servicing, infrastructure and amenities requirements will be over the next 10 years to address the City’s new net population growth.

THE CITY’S FINANCING GROWTH STRATEGY

There are several components to the Financing Growth Strategy. The first component is understanding the 10-year population growth projection.

Preliminary 10-Year Population Growth Projection

- New Westminster population will be: 111,900
- Number of Household: 51,091
- Housing **increase** by city quadrant:
 - Downtown: 3,541
 - East mainland (including Sapperton Green): 2,604
 - West mainland (incl. 22nd Station Area): 3,645
 - Queensborough: 625

**2024 Population: 90,987; 2024 Housing = 40,676*

These preliminary numbers were used to undertake the analysis outlined below to inform the infrastructure and amenities needs that form part of the pending rates for the DCC and ACC bylaws. Further work required by the Province indicates that these numbers will need to be revised higher, which would be incorporated into future refinements of the DCC and ACC bylaws.

Forecasting Growth-related Infrastructure and Amenities

The second component of the Strategy is to forecast growth-related infrastructure and amenities. To do this work, each department identified its core service requirements. Departments have taken the 10-year population growth projection and have identified the servicing, infrastructure and amenities needed to accommodate this net growth. Although preliminary at this time, the type of requirements departments have identified are outlined below.



NEW WESTMINSTER

Electrical Department:

- New substation in the Downtown
- Distribution upgrades and new service connections throughout the City
- BC Hydro transmission upgrades throughout the City

Engineering Department:

- Utilities: water, combined/sanitary/storm, pump station upgrades, flood protection infrastructure and solid waste
- Transportation: walking, cycling, complete streets, road safety and transit
- Fleet: new vehicles for city operations
- Civic Buildings: an expanded public works yard, upgrades to public washrooms, upgrades to the police station, upgrades to city hall and other worksites

Fire Department:

- New Fire hall – possibly in the Downtown

Library:

- Expansion of the main Library

Parks and Recreation Department:

- New and expanded outdoor sports facilities
- Expanded parks infrastructure
- Additional land for park site development
- New and expanded recreation facilities

It is important to recognize that the above items are high-level requirements and will be analyzed and evaluated in detail in future departmental master plans. For example, the Parks and Recreation Department is currently working on their Parks and Recreation Comprehensive Master Plan, which will identify amenities, parks and open space, and recreation needs to 2035; the Engineering Department will be advancing work on a Public Works Master Plan, a city-wide Workspace Plan and a Land Strategy.

Development Cost Charges and Amenity Cost Charges

From a funding perspective, cities finance many services and infrastructure through development cost charges (DCCs). The new Provincial legislation now allows cities to fund amenities through amenity cost charges (ACCs) and has expanded the services under the DCC program to include fire, police and solid waste infrastructure. One of the objectives of the Financing Growth Strategy is to inform the City's DCC and ACC rates and bylaws.

To prepare the new rates for the City's DCC and ACC bylaws, the Province has recognized that this work requires considerable staff and consultant resources to understand and implement. To enable staff to undertake the necessary due diligence,



the Province is allowing the City to implement an interim DCC and ACC bylaw approach.

Staff is currently working on the interim rates for the DCC and ACC bylaws and is finalizing the rate calculations based on the above list of infrastructure and amenity projects. It is anticipated that the proposed DCC and ACC rates will be presented to Council and the development community in Q2 2025.

FINANCIAL IMPLICATIONS

The City's Capital Plan incorporates infrastructure and amenity projects to meet the current Official Community Plan and previous population projections. Further detailed analysis is required to better refine unit costs and project timelines relative to the revised population forecasts brought forward by the new housing legislation.

Based on SMT's analysis, in order to meet the 10-year growth projections and housing targets, approximately \$800M to \$825M of funding will be required to build the City's infrastructure and amenities. Order of magnitude funding that would be recovered by the revised DCC bylaw and the new ACC bylaw would be approximately \$750M. There would be a funding gap of approximately \$50M to \$75M, which would require senior government funding. Moreover, the Electrical Utility bylaw requires that development pays for all electrical service upgrades. This requirement will continue as electrical upgrades are not DCC eligible costs. B.C. Hydro follows a similar model requiring developers to pay for their electrical service upgrades.

INTERDEPARTMENTAL LIASION

Developing a city-wide Financing Growth Strategy is a high priority, corporate initiative that aligns several priorities including a revised DCC program and bylaw, a new ACC program and bylaw, and the timing assumptions in the asset management program and the Capital Budget. This Strategy will also inform the updated Inclusionary Housing Policy. Quarterly progress reports will be provided to Council.