

March 15<sup>th</sup>, 2024

**Mayor and Council  
City of Burnaby  
City Hall 4949 Canada Way  
Burnaby, BC V5G 1M2**

**Dear Honourable Mayor & Council,**

**RE: City of Burnaby Proposed ACC/DCC Rates  
Concern & Unintended Consequences  
Canderel Project – 3965 North Road, Burnaby, BC (RZ 21-15)**

We attended the March 6<sup>th</sup>, 2024 Industry Consultation meeting with the City of Burnaby and Urban Development Institute and provide this letter with our concerns as a follow up to the discussions and points raised in this meeting as it relates to the proposed changes to the ACC and DCC bylaw.

In short, the adoption of these new rates and fees will crush the feasibility of our project going forward.

This project and the development industry at large were already struggling with the viability of bringing projects to market based on existing industry challenges:

1. Construction cost increases that see minimal signs of declining
2. Institutional equity capital for real estate development projects is scarce bordering on non-existent and return expectations have increased considerably
3. Interest costs are considerably higher in the past year and the markets are predicting a more gradual decrease in interest rates as downward movement is being delayed by the Bank of Canada
4. Uncertainty in interest rates mean that exit yields and values of finished income producing property such as multi-family rental buildings are unknown and may be less than the cost to build this form of development
5. The commercial component of allowable density under the Rental Use Zoning Policy is particularly challenging:
  - a. Office is no longer a viable form of development. The value of future office buildings is currently less than the cost to build them. In addition, financing is generally not available.
  - b. Commercial hospitality has a higher demand than office, but requires considerably more equity capital and uncertainty exists of the value vs. the cost, albeit less than office
6. First mortgage financing costs have increased and is harder to obtain
7. The upcoming changes to the BC building code increasing structural requirements for seismic activity and the new adaptability requirements will make housing more expensive and less affordable

The chart shown in Appendix A outlines the before and after consequences of the City of Burnaby's new proposed DCC & ACC fees on our project in Burnaby. **It shows a change from \$30.3M to \$63.0M, a \$32.7M or 108% increase in total additional fees, but more specifically represents a Burnaby specific increase from \$15.9M to \$48.6M or 205% increase in charges before vs. after.**

When you add the adoption of these new proposed rates, this will have a direct and significant impact on affordability of housing within the City of Burnaby and will likely result in a substantial decline in new housing supply for years. As project feasibility grinds to a halt as a result of these massive increases in development fees, there is a realistic probability that should these fees become adopted, many developments will be put on hold or abandoned all together.

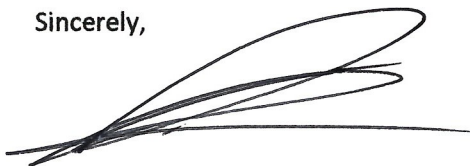
Without additional housing supply coming online to match the current and future demand for housing, the cost of housing within our communities will continue to rise in an area that is already one of Canada's most expensive cities to rent and live. We fear that without housing affordability being kept in focus, growth will stall and workers will look elsewhere for more affordable housing options.

We are supportive of the City of Burnaby's desire to continue to grow, expand infrastructure and construct community facilities however the framework that is being proposed is not feasible in our current economic environment. We encourage the City to consider ways to phase these fees in over several years or further reduce the scope under which these DCC & ACC funds will go towards.

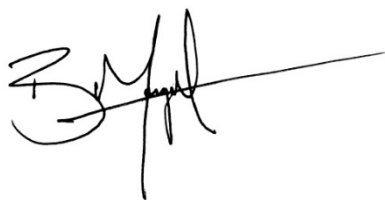
We understand that these development fee increases are primarily in response to the provincial mandate for densification in single family residential and transit oriented development zoned areas. Furthermore, we also understand that the provincial legislation was undertaken with minimal consultation with the City as it relates to growth planning. It is truly unfortunate that our elected officials, whom we trust with our livelihood to enact good governance, have dropped the ball to this magnitude.

The unintended consequences from this legislation and resultant development fee increases has the potential to be catastrophic for our cities and our industry as a whole. It is our hope that thru the efforts of the Urban Development Institute, the City of Burnaby, and all members of the development industry, that we can come together and amend the provincial legislation and proposed DCC/ACC rates within the City of Burnaby to allow for sustainable growth and for our city to continue to be an affordable option for our families, friends and colleagues to call home into the future.

Sincerely,



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Encl. Appendix A – Impact of Proposed Fees

**APPENDIX A - NEW PROPOSED FEES ON DEVELOPMENT**

	<b>Current</b>	<b>Proposed</b>	<b>Notes</b>
<b>Density Bonus Payment (CAC/CBB)</b>	\$13,822,080	\$13,822,080	Estimated bonus density payment (1.6x)
<b>Residential Metro Vancouver DCCs</b>			Based on Jan 1, 2025, rates and subject to further rate rises in 2026 and 2027.
- Water	\$5,256,234	\$5,256,234	Increase from 2024 to 2025 will be 60%, with 28% increase from 2025 to 2026, and 15% from 2026 to 2027
- Sewage	\$5,651,748	\$5,651,748	
- TransLink	\$1,283,292	\$1,283,292	
- Park	\$234,522	\$234,522	
<b>Sub-Total</b>	<b>\$12,425,796</b>	<b>\$12,425,796</b>	
<b>Commercial Metro Vancouver DCCs</b>			Based on Jan 1, 2025, rates and subject to further rate rises in 2026 and 2027.
- Water	\$852,691	\$852,691	Increase from 2024 to 2025 will be 60%, with 28% increase from 2025 to 2026, and 15% from 2026 to 2027
- Sewage	\$870,388	\$870,388	
- TransLink	\$215,586	\$215,586	
- Park	\$38,612	\$38,612	
	<b>\$1,977,277</b>	<b>\$1,977,277</b>	
<b>Burnaby DCC (Current)</b>	\$2,099,777		Current Burnaby DCC for multiple high-density residential high-rise apartments (\$3.55 per sq. Ft of GFA)
<b>New Burnaby Residential DCCs (Transportation, Water, Drainage, Sewer, Parks, Fire Facilities)</b>	-	\$19,628,640	\$25,360 per dwelling unit - assuming DCCs applicable for all units including below market units. (~\$17.7M if below market rental units are exempt)
<b>New Burnaby Commercial DCCs (Transportation, Water, Drainage, Sewer, Parks, Fire Facilities)</b>	-	\$3,818,880	\$259.06/sq. m.
<b>Residential ACC</b>	-	\$10,434,294	\$14,741 per dwelling unit - assuming ACCs applicable for all units including below market units (~\$6.7M if ACC applicable only on base density plus market rental units)
<b>Commercial ACC</b>	-	\$894,354	\$65.23/sq. m.
<b>Extra cost difference total</b>	<b>\$30,324,930</b>	<b>\$63,001,321</b>	
		<b>\$32,676,391</b>	<b>Additional Cost of \$32.6M</b>
		<b>108%</b>	
<b>Extra cost difference Burnaby specific</b>	<b>\$15,921,857</b>	<b>\$48,598,248</b>	
		<b>\$32,676,391</b>	<b>Additional Cost of \$32.6M</b>
		<b>205%</b>	