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VANCOUVER SUN

Development fees to jump 32 per cent

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Increase will still only cover a fraction of the city's cost in processing applications

"The city is sending a message hereby increasing fees by 30 percent that, no, actually it is the City of Vancouver that is pushing up the prices. MELISSA DEGENOVA NON-PARTISAN ASSOCIATION COUNCILLOR

Vancouver is jacking up its rezoning and development permit fees by as much as 32 per cent in an effort to bring them closer to the actual cost of processing such applications.





RICHARD LAMPNG FILES

Councillor Geoff Meggs, left, seen with Mayor Gregor Robertson earlier this year, moved the recommendation to raise rezoning fees, saying he would eventually like to see fees cover the full cost of service delivery.

And if the city has its way, in future years it will raise those fees even more — up to 300 per cent — to relieve taxpayers of the burden of subsidizing applications by developers.

But in a concession to those same developers, the city has agreed to put the new money it raises toward hiring more staff to clear a backlog of applications.

Most of the new rates become effective next January and are part of a sweeping review the city did of more than 200 types of fees it charges for everything from electrical, gas and plumbing permits to tree removals, sprinklers and subdivisions.

In most of those categories, the city has decided to raise fees by two per cent to reflect inflation. But in several areas, it says the cost of processing applications far outweighs what it charges, by as much as 329 per cent. That includes rezoning applications, where in the last year it has subsidized the cost of processing them by nearly \$5 million.

On Tuesday, the Vision Vancouver council agreed to the increases after being told the city is losing up to \$2 million a year in its permit and application programs.

The review found that the city spent \$39.3 million this year in direct and indirect costs of processing applications, but took in just under \$37.3 million.

Some areas, such as plumbing, sewer and tree removal permits were lucrative cash cows, charging up to 67 per cent more than it cost to process the applications. But rezonings and development permits were major financial drains. Between the two categories, the city spent \$19.5 million to process, but charged developers only half that amount.

The new rezoning charges will affect, on average, about 35 applications a year. The fee for rezoning a district to Comprehensive Development will rise to \$190,100 from \$144,600.

The city is raising development permits by up to 17 per cent, but will delay implementation of those fees for singlefamily dwellings by six months because of a massive backlog in applications.

The high demand for new housing — both in highrise residential and replacement single-family homes — has overwhelmed the city's planning and development services department. A permit to build a single-family house that once took 16 weeks to process now takes 25. Far more complicated multiple-dwelling applications take up to 37 weeks. And rezonings can take years.

George Fuji, the director of development services, said the city consulted with the development community, which indicated the fee increases would be acceptable if the proceeds were used to hire more staff to speed up the application process.

The city says that as of Oct. 1, it has more than 2,400 development and building permits in the works. Of those, 895 are for applications for one- and two-family homes and laneway houses. The city says it has approved 1,665 more dwelling units than in 2014.

Geoff Meggs, the Vision councillor who moved the recommendations, said he would like to eventually see fees raised to cover all costs. But at this point, a jump of 300 per cent for rezonings would "be too big of a jolt" to developers.

"Of course we should charge what it costs to deliver the service and we are not doing that. We are way behind that. So to that extent we have been subsidizing the private-sector market," he said.

"We should try to bring it into line so that we can justify to other taxpayers why we are charging less than we should for that service."

But opposition councillors raged against the planned rate increases, saying it doesn't make sense in a city already largely unaffordable to many.

"I do have grave concerns about this. We are in an affordability crisis in Vancouver and I am not sure that we really do understand the ramifications of what this will do," said Non-Partisan Association Coun. Melissa De Genova. "The city is sending a message here by increasing fees by 30 per cent that, no, actually it is the City of Vancouver that is pushing up the prices."

Jon Stovell, the vice-chair of the Urban Development Institute, said the development industry supported the

increases in return for a promise to speed up the application process.

But he noted that it won't be developers who will absorb those costs. "This will inevitably be passed on to the consumer, as it always is," he said.

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