

Growth grinds homebuilders Surrey, White Rock jack servicing fees to cover sewers, roads and parks

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Hefty hikes in development cost charges will be passed on to home buyers, increasing prices in what's already one of the loftiest housing markets in Canada.

So says the Urban Development Institute, a lobby group for the construction industry.

"We are concerned about the impact that will have on affordability," UDI's director of municipal affairs Jeff Fisher said.

"It's like having increased construction costs or land costs. Some of those costs are going to be passed on to home buyers."

Development cost charges are paid to cities by developers when construction occurs.

The money is used by civic governments to finance road and sewer upgrades, and to acquire park land. Rising costs in recent years means cities are no longer charging enough to cover that work.

In response, city councils in both White Rock and Surrey voted this summer to increase fees. Surrey added \$9,000 to the charges to build a single-family residence, raising the DCC tab from \$16,875 to \$24,356 - an increase of 44 per cent. That's expected to offset a 33 per cent increase in road widening costs since 2001, as well as other infrastructure costs.

White Rock jacked charges for a single-family home 14 per cent, from \$4,935 to \$5,602. Costs for strata units were upped 18 per cent, from \$3,402 to \$4,211.

Fisher said changes are necessary, but questioned the logic.

"We do recognize there have been cost increases in the construction sector, but the (DCC) increases in both municipalities are substantial," he said.

He did, however, credit Surrey council for grandfathering in-stream development applications, giving proponents a year to obtain approvals under the old rates if they had an application in place when the new bylaw was adopted.

He encouraged other local governments to follow suit.

"(Surrey) has done a more equitable approach," Fisher said. "We're encouraging other governments to follow Surrey's lead."

Once among the highest in the region, White Rock reduced development cost

charges in 2001 to kick-start development.

Fisher couldn't say how much that move contributed to the city's construction boom, or whether it was driven by market forces.