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## District of Lantzville

# REPORT TO COUNCIL

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Regular Council Agenda Item

October 2, 2017

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**AUTHOR:** Lynda Sowerby, Deputy Director of Finance  
Frank Limshue, Community Planner

**SUBJECT:** Request for Refund of Development Cost Charges

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### **RECOMMENDATION**

THAT Council refunds Development Cost Charges of \$6,182.36 for Sanitary Sewer and \$3,893.51 for Water to Ronald Osborne, the property owner at 7191 Lancrest Terrace.

### **ALTERNATIVES**

THAT Council does not refund the Development Cost Charges (DCC's) collected to 7191 Lancrest Terrace.

### **ATTACHMENT(S)**

- 1) Letter – request for refund from Ronald Osborne
- 2) District of Lantzville Development Cost Charges for Water, Sewage, Drainage, Highway Facilities and Park Land Bylaw 52, 2006

### **PURPOSE**

The property owner, Ronald Osborne, of 7191 Lancrest Terrace has requested a refund of all DCC's that he was required to pay in 2015 when he applied for a building permit on his property located at 7191 Lancrest Terrace.

### **BACKGROUND**

The Lancrest Terrace property is part of a subdivision that was approved 1965, prior to the incorporation of the District of Lantzville. Mr. Osborne has owned the Lancrest property since 1987, but has left it undeveloped until he built a home in 2015. At the time of subdivision, the development was required to provide its own water and sewer systems, which were operated by the Improvement District. All fees and charges have been paid for by each property owner within the subdivision, including Mr. Osborne.

When the District water became available, the development connected to the District Water system. Each of the property owners, including Mr. Osborne, have been paying a water parcel tax since that time. Similarly, when the local area sewer system was installed, the development connected to the sewer system, and Mr. Osborne has been paying the Parcel Tax since 2009.

District of Lantzville Development Cost Charges for Water, Sewage, Drainage, Highway Facilities and Park Land Bylaw 52, 2006 was adopted on April 16, 2007. The Bylaw, section 2(b) states that every person who obtains a building permit authorizing the construction, alteration or extension of a building or structure, for any purpose; shall pay to the District of Lantzville the applicable development cost

charges as provided in Schedule “A”. When Mr. Osborne applied for a building permit in 2015, he was required to pay the DCC’s as per the Bylaw.

**DISCUSSION**

In this particular case, the property owner has been required to pay water and sewer capital costs twice on the vacant property that he has owned since 1987. In 2015, when he proceeded with the building of a home, he was required to pay sewer and water capital costs a third time in the form of a DCC charge. This owner has put less burden on the existing infrastructure than the other owners at Lancrest Terrace, but because he delayed building a home, he is now required to pay the DCC charges.

The District did obtain a legal opinion confirming its ability to apply the DCC bylaw to vacant properties. Despite the fact that we have the legal authority to charge DCC’s on this property, staff has reviewed the charge against this property as being unfair given that the owner has paid for water and sewer services twice already without ever directly benefitting.

This property is somewhat of an anomaly in that the infrastructure for sewer and water was in place prior to the local service area being established.

It is the opinion of Staff, that while the DCC bylaw provides the ability for the District to charge Mr. Osbourne DCCs, it was not the intent to treat a property owner unfairly by double charging the property owner for receiving the service.

**FINANCIAL IMPLICATIONS**

The requested refund would reduce the Water DCC reserve fund by \$3,893.51 and Sanitary Sewer DCC reserve fund by \$6,182.36. Council should note however, that the Water DCC funds are currently committed to the Aulds Road Reservoir Replacement, and that funding for this project will need to be altered.

In addition, this request for refund may result in Council receiving additional requests for waiver of DCC’s by owners of existing properties within the Water and Sewer Service areas (including PH III). The additional Lancrest Terrace vacant property below is the only property that has the same circumstances as Mr. Osborne’s, where the owner also contributed to the capital cost of the private water and sewer system of the development.

Water and Sewer Service Areas	Water DCC	Sewer DCC
2 Lancrest Terrace	\$ 7,679.02	\$ 12,364.72
Additional Vacant lots in Water & Sewer Service, subject to DCC Bylaw		
Areas currently paying Parcel Tax, but not connected		
1 vacant lot - Water only	3,839.51	-
3 vacant lots - Sewer only *	-	18,547.08
1 vacant lot - Water and Sewer	<u>3,839.51</u>	<u>6,182.36</u>
Impact to DCC’s	<u>\$ 15,358.04</u>	<u>\$ 37,094.16</u>
*Opted out of water		

**COMMUNICATION STRATEGY**

This report will be available for review by the public in the October 2, 2017 Regular Meeting of Council agenda package and available on the District of Lantzville website.

**STRATEGIC PLAN ALIGNMENT**

N/A

**SUMMARY**

Mr. Ronald Osbourne, owner of 7191 Lancrest Terrace, has requested a refund from the District of Lantzville for Development Cost Charges paid in 2015 for the construction of a new house.

Staff has reviewed the matter and determined that the District bylaw enables the District to collect DCCs. However, given Mr. Osbourne’s unique situation, collection of the DCCs has resulted in Mr. Osbourne paying multiple times for both water and sewer services. It is the opinion of Staff that this was an unintended result. Therefore, Staff recommends the District refund Mr. Osbourne \$6,182.36 for sewer DCC and \$3,893.51 for water DCC.

Respectfully submitted,

  
Lynda Sowerby, Deputy Director of Finance

  
Frank Limshue, Community Planner

Reviewed By:

Chief Administrative Officer		Director of Financial Services		Director of Public Works		Director of Corporate Administration	
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