

SCHEDULE A - PROPOSED TEXT AMENDMENTS TO ZONING BYLAW 8000 - TA16-0005

| Zoning Bylaw 8000 | | | | |
|-------------------|---|---|--|------------|
| No. | Section | Existing Text | Proposed Text | Rationale |
| 1. | 2 - Interpretation 2.3 General Definitions | SECONDARY SUITE means an additional dwelling unit located within a residential building that has a total floor space of no more than 90m ² in area, having a floor space less than 40% of the total habitable floor space of that building, and is subordinate to the principal dwelling unit and is a single real estate entity. This use does not include duplex housing, semi-detached housing, apartment housing, or boarding and lodging houses. | SECONDARY SUITE means an additional dwelling unit that has been issued an Occupancy Permit, located within a residential building that has a total floor space of no more than 90m ² in area, having a floor space less than 40% of the total habitable floor space of that building, and is subordinate to the principal dwelling unit and is a single real estate entity. This use does not include duplex housing, semi-detached housing, apartment housing, or boarding and lodging houses. | See Report |
| 2. | 9.5b - Carriage House Regulations | n/a | 9.5b.16 Carriage houses are permitted only on lots with an installed connection to the community sanitary sewer system (in accordance with the requirements of the City of Kelowna's Subdivision, Development, & Servicing Bylaw) except carriage houses are permitted on lots that have an on-site sewage disposal system if the lot has a minimum area of 1.0 hectare. | See Report |

Schedule A - Proposed Text Amendments to Zoning Bylaw 8000 - TA16-0005

SCHEDULE

A

This forms part of application

TA16-0005

Planner Initials

EW

City of Kelowna

COMMUNITY PLANNING

MEMORANDUM

To: Okanagan Local Government Administrators
From: Anna Warwick Sears, Executive Director
Date: January 20, 2014
Subject: Sewage Facilities Grant Program Policy on Small-lot Accessory Dwellings

Summary: The purpose of this memo is to update local governments on OBWB's sewage grants 1.0-hectare policy. This policy, which requires grant recipients to enact bylaws prohibiting the subdivision of small lots on septic, has now been expanded to include accessory dwellings (carriage houses) on lots smaller than 1.0-hectare. **The OBWB requests Okanagan local governments to update their bylaws to exclude development of accessory dwellings (carriage houses) on lots less than 1.0 hectare that rely on on-site sewage disposal. The OBWB further requests an update of zoning and/or subdivision and development servicing bylaws, requiring that secondary suites be tied to the sewage disposal system of the existing dwelling.**

This request only applies to the areas of your jurisdiction within the Okanagan Basin drainage area. Secondary suites that are tied into the existing domestic septic system are accepted (although not recommended) if the sewage disposal system has adequate capacity per health regulations.

Background: The OBWB's Sewage Facilities Assistance program provides funding for Okanagan communities to upgrade wastewater treatment plants and extend community sewer to areas on septic. The program was initiated in 1975.

Since 2007, the OBWB has required sewage grant recipients to have bylaws prohibiting subdivision of lots smaller than 1.0 hectare (see attached Terms of Reference). The 1.0 Hectare (minimum subdivision) Policy is in line with provincial government rules, and was established recognizing that much of the pollution entering lakes and streams comes from failing septic systems. Septic is the highest human-produced source of phosphorus in the watershed.

The premise behind the 1.0 hectare rule is that the more dwelling units there are using septic systems in a given area, the greater the chance that systems may malfunction and less opportunity to find sufficient, suitable, available land for replacement effluent dispersal fields – potentially leading to water pollution and health threats.



- The 1.0 Hectare Policy is based on a scientific assessment by the Ministry of Community, Sport and Cultural Development in the 1990s. Exceptions cannot be made for in-fill subdivision properties, because of the risk of cumulative impacts from many closely-spaced septic systems, and because for fairness reasons we must have a uniform policy throughout the Basin.
- There are many advances in on-site sewage treatment available. However, each of these solutions requires long-term maintenance or else there are continued risks of system failure. Following Provincial policy, the Water Board allows the 1.0 Hectare Policy to be waived only if a Liquid Waste Management Plan is prepared for the site, and if the system itself is adopted by the local government as permanent infrastructure.

In October, the OBWB received an inquiry whether development of secondary suites and detached accessory dwellings (carriage houses) on properties less than 1.0 hectare violates the 1.0 Hectare Policy within the OBWB sewage grant program. With respect to septic systems, adding a carriage house creates similar risks for system failure and water quality impairment as small-lot subdivision, without creating a separate title.

For this reason, the OBWB has now expanded the 1.0 Hectare Policy, and now requires all sewage grant recipients to have bylaws in place restricting carriage houses to properties greater than 1.0 hectare, or to properties with community sewer connections (see Terms of Reference section 3.6.1). Secondary suites that are tied into the existing domestic septic system are accepted (although not recommended) if the sewage disposal system has adequate capacity per health regulations.

Please do not hesitate to contact me with any questions, by email at: anna.warwick.sears@obwb.ca, or phone at: (250) 469-6251.

Sincerely,



Anna Warwick Sears
Executive Director

OKANAGAN BASIN WATER BOARD SEWAGE FACILITIES ASSISTANCE GRANTS

TERMS OF REFERENCE

UPDATED 2014

1.0 Preamble

The 1974 Okanagan Basin Study identified nutrient pollution as the major cause of algal blooms and deteriorating water quality in Okanagan and Skaha Lakes. The biggest source of pollution was municipal sewer outfalls.

As local governments consider the lakes a regional resource, they established the Sewage Facilities Assistance (SFA) grant program to subsidize construction of tertiary sewage treatment plants and collection systems in valley communities. The program was funded by a valley-wide tax, levied on all properties in the basin and administered by the Okanagan Basin Water Board (OBWB).

By upgrading sewage infrastructure, the amount of phosphorus entering the lakes from municipal effluent has decreased more than 90%.

A significant proportion of this program's funds have gone toward community sewer projects intended to decrease water pollution coming from developments with small lots, and failing or over-capacity septic systems. To avoid repeating these costly fixes in the future, the OBWB now requires applicants to have in place zoning policies or bylaws prohibiting new development of lots less than 1.0 hectare that are not serviced by community sewers. This requirement is intended to encourage responsible development.

2.0 Operating Principles

2.1 The grant program funds upgrades to treatment plants using old technology and extensions of sewer service to subdivisions, created prior to 1978 that are still on septic.

2.2 As per the OBWB Supplementary Letters Patents, the Water Board can levy up to 21¢ per \$1000 assessed value for SFA grants on all properties within the Okanagan drainage area.

2.3 The funding formula for grants is as follows:

2.3.1 For projects approved and receiving payments before April 1, 2011, the OBWB will pay 18% of the total eligible project costs, with the community first paying 2.5 mills of the converted assessment amount.

2.3.2 For projects approved before April 1, 2011, but not yet receiving payments, the OBWB will pay 18% of the total eligible project costs, with the community first paying 2.5 mills of the converted 1988 assessment amount, or 16% of the total eligible project costs, if 1988 assessment values are not available.

2.3.3 For projects approved after April 1, 2011, the OBWB will pay 16% of the total eligible project costs - on average, the same net amounts as historical grants.

3.0 Eligibility

3.1 Only communities employing tertiary treatment of sewage effluent are eligible for grants. (1977)

3.2 Areas outside the watershed, or that are not taxed for OBWB programs, are not eligible for grants.

3.3 In order to qualify for OBWB funding, projects must meet the minimum requirements for provincial funding, though they do not need to have received a funding award. (2007)

3.4 Projects which qualify for provincial government funding do not automatically qualify for OBWB funding. (2007)

3.5 Lots on septic at the time of the original grant program, 1977, will be eligible for funding when sanitary sewers are installed.

3.5.1 For projects in which sewer extensions will service both pre- and post-1977 development, only the proportion of the project servicing pre-1978 lots is eligible for funding.

3.6 The OBWB will only fund sewage infrastructure applications in communities that comply with its 1.0 Hectare Policy, where the community has zoning policies or bylaws prohibiting the creation of lots smaller than 1.0 hectare that are not serviced by community sewers. (2007)

3.6.1 Communities must also have policies and bylaws in place prohibiting the development of accessory dwellings (carriage houses) on properties less than 1.0 hectare that are not connected to community sewer (2013).

3.6.2 The 1.0 Hectare Policy is limited in geographic scope to the portions of the regional districts within the Okanagan watershed. Districts should be aware that subdivision of lots on septic smaller than 1.0 hectare outside the Okanagan watershed may jeopardize funding from provincial sources. (2007)

3.6.3 Each local government with subdivision approval authority is responsible for adopting the 1.0 Hectare Policy.

3.6.3.1 A Regional District's grant eligibility is not affected if a member municipality does not comply with the 1.0 Hectare Policy.

3.6.3.2 A Regional District's grant eligibility will be affected if one of its Electoral Areas (located in the Okanagan Basin) does not comply with the 1.0 Hectare Policy. (2007)

3.6.4 Home-site severance lots are exempted from the 1.0 Hectare Policy. (2004)

3.6.5 The 1.0 Hectare Policy may be waived through preparation of a Liquid Waste Management Plan (LWMP) that is approved by the province. Systems put in place under this waiver will be considered permanent infrastructure and will be ineligible for future SFA funds. The LWMP must be supported by appropriate bylaws (e.g., OCPs, zoning, subdivision standards). In addition, local government bylaws must be in place for the enforcement of operation and maintenance of these systems. All Type II and III package treatment systems serving multiple homes must be registered under the Municipal Sewage Regulations, which among other requirements specifies that developers must post a bond equivalent to the value of the wastewater treatment infrastructure.

4.0 Application Policies

There are three main steps to the SFA program: (1) an SFA Notification Form and Application for Provincial Review, (2) an SFA Application, and (3) an SFA Annual Reporting Form. All templates are provided by the OBWB on request.

4.1 Communities should submit an SFA Notification and (if applicable, see 4.4) an Application for Provincial Review to the OBWB indicating their intention to apply for a grant at the early stages of the planning process so that adequate funds can

be requisitioned. This notification should be provided to the OBWB at least one year in advance of a SFA Application.

4.2 Grants will not be paid retroactively. Grant payments to communities will commence in same year that debt payments commence. Applicants should submit an SFA Application to the OBWB at completion of project works.

4.3 Grants are awarded based on the information provided in the SFA Application. The OBWB reserves the right to review and revise grant awards if significant changes to the project occur after receiving approval for grant funding.

4.4 Communities that are not applying for Provincial funds must submit an Application for Provincial Review in order to ensure that projects meet best practice standards. Applicants will be required to submit additional documentation to meet this requirement.

4.5 Where communities are applying for provincial funding, the SFA Application must be received within one year after the confirmation of eligibility for provincial funding. (2001)

4.6 Applicants must provide a copy of the bylaw or policy that prohibits creation of lots smaller than 1.0 hectare that are not serviced by community sewers.

4.7 Applicants must disclose all sources of funding at the time of SFA Application.

4.7.1 Where receipt of an OBWB grant brings the total grant funding beyond 100% of the total project cost, the OBWB grant will be reduced to bring the total of all grant funding to equal 100% of the total project cost.

5.0 Financing and Payments

5.1 Annual assessments are made based on the projected draw on the fund for each fiscal year. It is not always necessary to levy the full 21¢ per \$1000 assessment (allowed by legislation).

5.2 If the amounts to be paid are greater than the funds available for distribution, payments will be reduced proportionately such that all recipients are reduced by the same percentage. An exception is made for communities which have not previously qualified for assistance from the Board. In this case, the reduction will not apply for the first three years and any shortfall will be born proportionately by the other qualifying communities.

5.3 Water Board grants are made on a debt repayment basis. Grants are tied to a Municipal Finance Authority (MFA) issue and repaid over a 20 or 25 year period.

5.3.1 OBWB payments are made twice annually, in August and December, after the requisitioned tax monies are received. Payments will be made on receipt of invoice from recipients, timed to match recipient payment commitments.

5.4 OBWB grant payment amounts are recalculated when MFA financing is changed, usually 10 years after the initial repayment. It is the responsibility of the applicant to re-calculate their payment schedules on their annual report and submit supporting documentation.

5.5 When an MFA debt is retired or forgiven, OBWB grant payments will cease.

5.6 Communities that do not incur debt are still eligible for OBWB funding, paid over 20 years on a similar schedule to MFA debt repayment.

5.6.1 Where debt is not incurred, and the project (or portions of the project) is self-financed, an imputed debt payment schedule will be calculated using MFA interest and sinking fund rates from the year the project was completed.

5.6.2 In the case of self-financing, imputed debt schedules will be recalculated 10 years after the first payment, to match the new MFA interest and sinking fund rates.

5.7 To receive payments, communities must submit their SFA Annual Report and provide current documentation on their debt repayments, or certify that no changes have occurred since the previous annual report.