

**MEETING TYPE:** Regular Council Meeting  
**MEETING DATE:** May 21, 2024  
**AUTHOR:** Matthew Salmon, Director of Engineering and Environmental Services  
**DEPARTMENT:** Engineering and Environmental Services  
**ITEM TITLE:** Development Cost Charge (DCC) Amendment Bylaw 1233, 2024  
**DESCRIPTION:** Update the Water, Sanitary Sewer, Drainage and Mobility Development Cost Charges (DCCs) in the DCCs Bylaw

**PURPOSE**

To update the Water, Sanitary Sewer, Drainage and Mobility Development Cost Charges (DCCs) in the DCC Bylaw.

**RECOMMENDATION**

THAT the Development Cost Charge (DCC) Amendment Bylaw 1233, 2024, be read a first time.

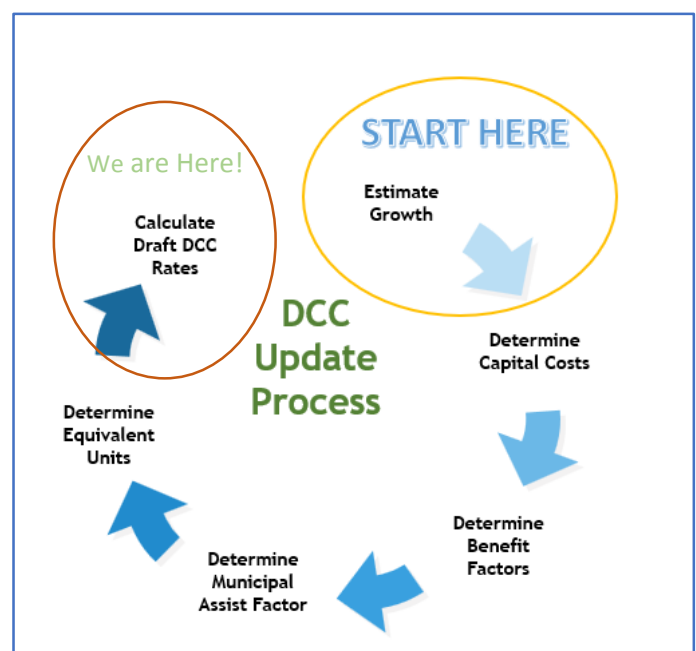
**EXECUTIVE SUMMARY**

The District of Lake Country is updating its Development Cost Charges Bylaw for Utilities (water, sewer, drainage) and Mobility (roads and active transportation), which were last updated in 2016. Parks DCCs were updated recently (in 2021) and are not part of this Bylaw revision.

DCCs are fees collected from developers to help fund the cost of growth-related infrastructure. They are regulated through provincial legislation (Local Government Act) and [best practices](#). The rates charged reflect the relationship and impact that growth has on new infrastructure requirements. This helps ensure developers pay their fair share of costs required to develop new infrastructure.

Provincial best practices recommends updating DCC programs every 5 years, so this update is overdue. Since the last update, the District has new information on growth projections as well as capital projects, based on recently approved infrastructure master plan for water, sewer, and mobility. Since the last DCC update in 2016, construction costs and land values have changed considerably, which need to be reflected in the DCC rates. For example, the Building Construction Price Index from Statistics Canada indicates that residential construction costs increased 80% between Q1 2017 to Q4 2023.

To accommodate future growth and development over the next 10 years, \$123 million in capital works is required (excluding parks).



Based on additional technical and financial analysis, as well as stakeholder consultation, a 10-year horizon is strongly recommended for the mobility, water, and sewer programs. This approach supports the phasing of larger capital projects and allows for better cash flow management.

District staff recognize the significant impact that large increases in Development Cost Charges (DCC) can have on the development community and existing taxpayers. Balancing the competing needs of providing expensive infrastructure to facilitate growth while ensuring that these costs are not prohibitive to the development of new housing, businesses, and amenities for our growing community is crucial.

To mitigate DCCs being a potential barrier to development and ensure that necessary infrastructure is in place at the right time, it is strongly recommended that the 10-Year DCC Program be adopted. This program aims to strike a balance between funding essential infrastructure projects and supporting sustainable community growth without imposing excessive financial burdens on developers and residents.

Although it is recommended that the 10-Year DCC Program be adopted, the 20-year DCC Program has been included (Table 4.) for comparison and consideration.

## **DISCUSSION/ANALYSIS**

During the Spring of 2023, Connections Planning Associates was commissioned by the District to update its 2016 DCCs Bylaw for Utilities (water, sewer, drainage) and Mobility (roads and active transportation).

The Key Drivers for the DCCs update are:

- New OCP (2018) – provides the land use policy framework
- New Master Plans (2020 to 2023) – identifies significant capital investments to support new growth and existing community development
- New housing targets – Housing Needs Assessment (2023)
- DCCs Best Practice – recommends major update every 5 years

The 20-year growth projections are based on the following:

- The number of new DCC-eligible units in master plans
- New residential category proposed for Accessory Dwelling Unit (ADU) – 300 units.
- ICI (industrial, commercial, institutional) based on previous projections.

## **DCCs for Secondary Suites**

Secondary suites that are built within a principal dwelling will generally have a nominal impact on infrastructure capacity (e.g. converting a 4-bedroom house to a 3-bedroom house with a basement suite). If a suite is constructed as a renovation to an existing house, then the original DCC would have been paid for at time of subdivision. In addition, any building permit value <\$50,000 is exempt from paying DCCs.

Through review and discussions with Council, **the updated DCC Bylaw proposes increasing the amount to \$100,000 of building permit value for a DCC exemption.** This is in consideration of construction cost inflation since the last DCC Bylaw, and has also been utilized in a few other communities across the province (e.g. City of Coquitlam, City of Port Alberni).

In recognition of the above, and to support housing affordability, **it is recommended that secondary suites that are constructed within the principal dwelling are not charged additional DCCs**, regardless of BP value. The draft bylaw incorporates this recommendation.

### **DCCs for Accessory Dwelling Units (ADUs)**

An Accessory Dwelling Unit (ADU) is an additional residential structure separate from the primary dwelling. Examples include coach houses, garden suites, and accessory garage suites. There is a rationale that the ADU may add additional impact to infrastructure capacity, and as such DCCs could be attributable. However, the impact is less than a multi-family residential unit, given the potential size of the ADU. **The draft bylaw contains a proposed new DCC category for ADUs**, a new set of equivalency factors has been developed, based on 50% equivalency of a multi-family residential unit. As with other categories, monitor over time to confirm growth projection and equivalencies to other land uses.

### **Adoption of new DCC Rates**

In addition to the statutory in-stream protection provisions, the development community has been made aware of the proposed changes to the DCC program early on, and is now able to submit a completed application prior to the adoption of the new DCC Bylaw. Given all of this, however, developers are still reliant on the resources and capacity of District staff to process subdivision and building permit applications in a timely fashion. Depending on the ability of the District to address the current application backlog, an additional grace period may be provided by holding off Council adoption of the Bylaw, once it has been reviewed and approved by the Ministry of Municipal Affairs. Staff will provide Council an update on this situation prior to adoption so Council can consider the options regarding the impacts and timing.

### **APPLICABLE LEGISLATION, BYLAWS AND POLICY**

1. Council's vision and strategic priorities include focus on the theme of *"Well-maintained infrastructure and facilities that meet community needs and allow growth and development for prosperity."*
2. DCC's are regulated by the Province and require approval by the Inspector of Municipalities.
3. **What works do DCCs pay for?**
  - a. Capital upgrades to infrastructure (water, sewer, stormwater, transportation)
  - b. Park land acquisition and park development (not included in this update)
4. **What works do DCCs not pay for?**
  - a. Annual Operations and Maintenance (O+M)
  - b. Works required to service the existing population (e.g. asset renewal)
  - c. Fleet / Transit vehicles
  - d. Various community facilities (e.g. arenas, community halls, libraries)\*
5. **Who pays DCCs?**
  - a. Applicants at time of Subdivision approval to create detached dwelling lots.
  - b. Applicants at time of Building Permit to construct multi-family residential, commercial, industrial and institutional development.

**\*Note:** The Province recently amended DCC legislation (Bill 46 - Nov 30, 2023) to include fire halls, police facilities, and solid waste/recycling facilities, as well as cost-sharing for provincial highways/interchanges. The implications of these recent legislative changes to the District's current Master Plans and project programs are being assessed and will inform future DCC bylaw amendments.

### **IMPACT ON INFRASTRUCTURE, SERVICES AND STAFF CAPACITY (if applicable)**

DCCs are a cost-sharing mechanism to spread the required investment in supporting infrastructure among all growth. It is about sharing the costs fairly and reasonably – trying to strike the correct balance between contributors – towards growth in the community.

## FINANCIAL IMPLICATIONS

The DCC Program has been based on the District's capital improvement programs contained within their respective Master Plans, these are:

- **Mobility/Transportation** - [Mobility Master Plan](#) and [Mobility Improvement Program](#)
- **Water** - [Water Master Plan](#) and additional water modelling
- **Sanitary Sewer** - [Liquid Waste Management Plan](#) (LWMP) Stage 1 and [Stage 2](#).
- **Drainage** - No Stormwater Master Plan currently exists; it is currently being produced. Therefore, the Drainage Program carries over the existing program list from 2016, but updates the cost using Engineering News Record (ENR) inflation factor.

**Table 1.** DCC 10-Year Program Overview

Infrastructure Type	Total Capital Program Cost	DCC Recoverable (% of total)	Municipal Responsibility (% of total)
Mobility	\$46.9 million	\$23.2 million (49%)	\$23.7 million (51%)
Water	\$47.7 million	\$21.8 million (46%)	\$25.9 million (54%)
Sewer	\$26.0 million	\$21.1 million (81%)	\$4.9 million (19%)
Drainage	\$2.28 million	\$2.26 million (99%)	\$0.02 million (1%)
<b>TOTAL</b>	<b>\$123.0 million</b>	<b>\$68.4 million (56%)</b>	<b>\$54.6 million (44%)</b>

### Proposed DCC Rates

The tables below summarize the proposed DCC rates for 10-year and 20-year programs.

**Table 2.** Proposed 10-Year Program DCC Rates

Land Use Category	Collection Basis	Mobility	Water	Sewer	Drainage	Parks	Total
Single Detached Residential	Per Lot	\$12,905	\$11,218	\$12,649	\$738	\$12,790	\$50,300
Multi-Family Residential	Per Unit	\$8,388	\$7,292	\$8,222	\$480	\$12,790	\$37,172
Accessory Dwelling Unit	Per Unit	\$4,194	\$3,646	\$4,111	\$240	\$0	\$12,191
Commercial	Per Gross Floor Area in m <sup>2</sup>	\$43.36	\$37.69	\$42.50	\$2.48	\$22.24	\$148.27
Industrial	Per Gross Floor Area in m <sup>2</sup>	\$43.36	\$37.69	\$42.50	\$2.48	\$14.48	\$140.51
Institutional	Per Gross Floor Area in m <sup>2</sup>	\$43.36	\$37.69	\$42.50	\$2.48	\$22.24	\$148.27

**Table 3. Proposed 10-Year Program DCC Rate Comparison**

Land Use Category	Collection Basis	Existing Rate (incl. parks)	Proposed Rate (incl. parks)	Difference	% Change
Single Detached Residential	Per Lot	\$30,663	\$50,300	\$19,637	64%
Multi-Family Residential	Per Unit	\$24,408	\$37,172	\$12,764	52%
Accessory Dwelling Unit (new category)	Per Unit	\$12,191	N/A	N/A	N/A
Commercial	Per Gross Floor Area in m <sup>2</sup>	\$82.29	\$148.27	\$65.98	80%
Industrial	Per Gross Floor Area in m <sup>2</sup>	\$74.53	\$140.51	\$65.98	89%
Institutional	Per Gross Floor Area in m <sup>2</sup>	\$82.29	\$148.27	\$65.98	80%

**Table 4. 20-Year Program DCC Rates**

Land Use Category	Collection Basis	Mobility DCC	Water DCC	Sewer DCC	Drainage DCC	Parks DCC	Total
Single Detached Residential	Per Lot	\$13,579	\$14,746	\$14,165	\$738	\$12,790	\$56,018
Multi-Family Residential	Per Unit	\$8,826	\$9,585	\$9,207	\$480	\$12,790	\$40,888
Accessory Dwelling Unit	Per Unit	\$4,413	\$4,792	\$4,604	\$240	\$0	\$14,049
Commercial	Per Gross Floor Area in m <sup>2</sup>	\$45.63	\$49.55	\$47.59	\$2.48	\$22.24	\$167.49
Industrial	Per Gross Floor Area in m <sup>2</sup>	\$45.63	\$49.55	\$47.59	\$2.48	\$14.48	\$159.73
Institutional	Per Gross Floor Area in m <sup>2</sup>	\$45.63	\$49.55	\$47.59	\$2.48	\$22.24	\$167.49

### CONSULTATION and COMMUNICATIONS

A DCC workshop was hosted by the District for the Industry stakeholders from the Urban Development Institute and the Canadian Home Builders Association (Central Okanagan branch) as well as continued engagement through the [Districts Let's Talk platform](#). All feedback and comments have been collated, responses given, considered and incorporated into this package being presented at the 1<sup>st</sup> reading of the proposed new DCC Bylaw.

Notwithstanding the need to invest in new infrastructure to support growth, the District fully acknowledges increasing DCC rates is impactful, and it is important to ensure the right balance is struck. To achieve the right balance, District staff undertook the following steps based on feedback received through the stakeholder workshop and consultation:

- The District’s consultants reviewed the 20-year infrastructure programs in our Master Plans to ensure all program and the associated costs are still valid.
- Changes were made to the program duration and sequencing of the DCC program to better align with the priorities, service delivery and predicted growth, whilst maintain the integrity of the programs.
- Reassessment of the benefit allocation for the infrastructure required to service the Lake Country Business Park and surrounding area.
- Review and analyse various implementation options to ensure a fair and equitable program and rate structure.

The consultation and engagement steps taken and those to come are summarised in the graphic below.



#### ALIGNMENT WITH COUNCIL STRATEGIC PRIORITIES

- Create and Support Opportunities for a Healthy, Active and Inclusive Community
- Create Infrastructure That Meets Community Needs
- Encourage Growth of the Downtown Core
- Ensure Sustainable Water Service Delivery for the Community
- Explore Opportunities to Engage With Regional Local Governments for the Betterment of the Community
- Honour Reconciliation by Strengthening Relationships and Inclusiveness With Our Indigenous Partners
- Identify and support improvements to the Development Process
- Implement the Agricultural Plan
- Preserve, Protect and Enhance Our Natural Environment
- Secure long term wastewater service delivery for our community
- Support Opportunities to Diversify Lake Country’s Tax Base



---

**ALIGNMENT WITH MASTER PLANS**

- |   |  |
|---|--|
| <input type="checkbox"/> Agricultural Plan  | <input checked="" type="checkbox"/> Official Community Plan                |
| <input type="checkbox"/> Climate Action Charter                                   | <input type="checkbox"/> Parks & Recreation Master Plan 2019               |
| <input type="checkbox"/> Housing Needs Report                                     | <input checked="" type="checkbox"/> Sanitary Sewer System Map              |
| <input checked="" type="checkbox"/> Liquid Waste Management Plan Stage 1/2 Report | <input type="checkbox"/> Transit Future Plan-Central Okanagan Region-DRAFT |
| <input type="checkbox"/> McCoubrey Plateau Area Structure Plan                    | <input type="checkbox"/> Transportation for Tomorrow                       |
| <input checked="" type="checkbox"/> Mobility Master Plan                          | <input checked="" type="checkbox"/> Water Master Plan                      |

**OPTIONS**

- A. THAT the Development Cost Charge (DCC) Amendment Bylaw 1233, 2024, be read a first time.
- B. THAT the Development Cost Charge (DCC) Amendment Bylaw 1233, 2024, be amended by replacing the table in Schedule A to Bylaw 1233, 2024, with Table 4. 20-Year Program DCC Rates, contained within this Report to Council.  
AND THAT Development Cost Charge (DCC) Amendment Bylaw 1233, 2024 be read a first time as amended.
- C. THAT the Development Cost Charges Amendment Bylaw 1233, 2024, be referred back to staff with direction from Council on desired changes.

Respectfully Submitted,  
Matthew Salmon, Director of Engineering and Environmental Services



---

**Report Approval Details**

Document Title:	Development Cost Charge (DCC) Bylaw for Water, Sanitary Sewer and Mobility DCC Rates.docx
Attachments:	- Attachment A - Lake Country DCC Update 2024 - Background Report.pdf - Attachment B - Development Cost Charge Amendment Bylaw 1233 2024.docx
Final Approval Date:	May 16, 2024

This report and all of its attachments were approved and signed as outlined below:

**No Signature found**

**Trevor James, CFO, Director of Finance & Administration - May 15, 2024 - 11:41 AM**

**Reyna Seabrook, Director of Corporate Services - May 15, 2024 - 12:52 PM**

**Paul Gipps, Chief Administrative Officer - May 16, 2024 - 7:42 AM**