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**To:** Mayor and Council  
**From:** Paul Gipps, CAO  
**Meeting Date:** January 14, 2025  
**Meeting Type:** Regular Council Meeting

**Prepared by:** Matthew Salmon, Infrastructure & Development Engineering Director  
**Department:** Infrastructure & Development Engineering

**Title:** Development Cost Charge (DCC) Amendment Bylaw 1233, 2024  
**Description:** Amendment to the Water, Sanitary Sewer, Drainage and Mobility DCCs

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### RECOMMENDATION

THAT third reading of Development Cost Charge (DCC) Amendment Bylaw 1233, 2024 be rescinded;  
AND THAT Development Cost Charge (DCC) Amendment Bylaw 1233, 2024 as shown on Attachment C (OPTION 1) to the Report to Council dated January 14, 2025, be read a third time as amended.

### EXECUTIVE SUMMARY

The District is updating the DCC Bylaw for Water, Sanitary Sewer and Roads DCC rates. The proposed DCC Bylaw has been considered by Council on [July 16, 2024](#) and [September 10, 2024](#).

The draft DCC Bylaw was sent to the Inspector of Municipalities subsequent to the third reading. As a result of comments received from the Inspector of Municipalities, the following amendments have been addressed in this version of the DCC Bylaw and can be seen in Attachment B:

1. Secondary Suites – Remove the language regarding exempting suites from DCCs and capture the exclusion within the definition of Secondary Suites.
2. Sewer Boundary – Remove the sewer map from the DCC Bylaw in its entirety and add a text reference clarifying that those developments which are connected to the community sewer system will pay Sewer DCCs.

The District has consulted with development industry stakeholders throughout the preparation of this major DCC update. In response, the Urban Development Institute (UDI), Okanagan Region have requested that Council consider a two-year phasing-in plan of the DCC rates (Attachment A). Currently, the recommended DCC rates do not consider phasing-in of the DCC rates (other than the statutory in-stream protection of 12 months) and are based on a Municipal Assist Factor (MAF) of 1% for all infrastructure categories. This rate structure can be seen in Attachment C-OPTION 1-Staff Recommendation.

Specifically, UDI are requesting that the DCC rate increases be adjusted to reflect 50% of the proposed increase in the 1<sup>st</sup> year and another 25% increase in the second year, with full proposed DCC rate coming into effect in the third year. Currently, the proposed DCC increase for Single Family is approximately \$16k, from \$30,663 to \$47,246. UDI's proposal would see the DCC increase by approximately \$8k in Year 1 (from ~\$31k to ~\$39k for single family), and then by another approximately ~\$4k in Year 2 (to ~\$43k) before increasing another ~\$4k in Year 3 to the originally proposed \$47,246 for single family DCCs. To achieve this, the Municipal Assist Factor (MAF) for Year 1 would need to be set at 25% (for mobility, water, and sewer), and for Year 2 it would need to be set at 13% (for mobility, water and sewer). The MAF for drainage and parks DCCs would remain at 1%. This rate structure can be seen in Attachment D – OPTION 2.

As another alternative to the UDI proposed DCC Phase-in (25% and 13% MAF) a more modest two-year phasing option has been provided for Council consideration, with a 10% MAF in Year 1 and a 5% in Year 2. This results in single family DCC rates of \$44,126 in Year 1, \$45,859 in Year 2 before landing at the 1% MAF rate of \$47,246. This rate structure can be seen in Attachment E – OPTION 3.

Additional DCC rate details (for single family and multi-family residential) for the various options are provided in the Table 1 below for quick reference, full details of the rate structure for the various options can be found at Attachment C- OPTION 1, Attachment D - OPTION 2 and Attachment E - OPTION 3 respectively.

Land Use	DCC Rates				
	OPTION 1 - Staff Recommendation (no phasing-in)	OPTION 2 – 2 year phase-in (1% MAF in Year 3 and beyond)		OPTION 3 – 2-year phase-in (1% MAF in Year 3 and beyond)	
	1% Municipal Assist Factor (MAF)	Year 1 - 25% Municipal Assist Factor (MAF)	Year 2 - 13% Municipal Assist Factor (MAF)	Year 1 - 10% Municipal Assist Factor (MAF)	Year 2 – 5% Municipal Assist Factor (MAF)
Single Detached Housing	\$47,246	\$38,937	\$43,086	\$44,126	\$45,860
Multi-Family Residential	\$35,187	\$29,778	\$32,483	\$33,159	\$34,286

**Table 1. Impacts to DCC rates if phasing-in the new DCC rates.**

While it is at the discretion of Council to utilize the Municipal Assist Factor in order to phase-in DCC rates, any additional assistance must be made up by non-DCC revenue sources (e.g. utility rates, general taxation). Based on the MAF options presented above, the estimated financial impacts, i.e. the delta of DCC contributions to be made up by non-DCC revenue sources due to phasing-in the new DCC rates are summarized in the Table 2 below.

Phase in Options	OPTION 2 – 25% and 13% MAF	OPTION 3 – 10% and 5% MAF
Year 1	\$1,732,910.00	\$649,841.00
Year 2	\$866,455.00	\$288,818.00
<b>Total</b>	<b>\$2,599,365.00</b>	<b>\$938,659.00</b>

**Table 2. Estimated financial impact of phasing-in the new DCC rates.**

As shown above, the 2-year phasing option proposed by UDI (25% and 13% MAF) would have an estimated financial impact of approximately \$2.6 million, with the more modest phasing option (10% and 5%) having an estimated financial impact of \$938,000 over the two-year phasing period. The potential fiscal impacts to District taxpayers forms part of the reasoning for the staff recommendation to not phase in the DCC rates.

The Water, Sanitary Sewer and Roads DCC's were last updated in 2016; ideally these rates are updated every 5 years and therefore would have been updated in 2021.

Moreover, the *Local Government Act* provides in-stream protection for any new DCC rates coming into effect, for in-stream subdivision or Building Permit (BP) applications. In-stream applications must achieve subdivision approval or BP issuance within 12 months of date of Adoption.

Staff are recommending not to phase-in the new DCC rates for the following reasons:

- DCC rates have been static for almost 10 years.
- There will be a 1-year in-stream protection period before the new rates come into effect.
- Extensive work has been undertaken to strike the balance between ensuring the capital infrastructure programs reflect the fundamental infrastructure needs to support development within the community whilst being sensitive to DCC's not being a barrier to development. Consideration was given to the potential impact of increasing DCC rates without phasing as it could be argued that lower, or phased-in DCC rates, may attract more development which could offset the delta caused by not introducing the new rate DCC immediately. This is difficult to calculate with any degree of accuracy as it is heavily influenced by many factors that are typically very individualised and historically hard to predict. The risk is that the delta is not covered by DCC's and therefore would have to be funded through taxation. There is also an additional risk that the infrastructure may be required sooner than it can be delivered due an exponential increase in growth.

If Council decides to phase-in the new DCC rates, the 2025 Financial Plan would need amending for years 2-5 as the current draft of the Financial Plan anticipates the new DCC rates come into effect in 2026. Additionally, Council may wish to seek further public input on the additional financial burden to the District's taxpayers by providing additional municipal assistance by increasing the MAF.

#### **ALTERNATE RECOMMENDATION(S)**

##### **OPTION 2**

THAT third reading of Development Cost Charge (DCC) Amendment Bylaw 1233, 2024 be rescinded;  
AND THAT Development Cost Charge (DCC) Amendment Bylaw 1233, 2024, as shown on Attachment D (OPTION 2) to the Report to Council dated January 14, 2025 (2-year phase-in with 25% MAF in year 1 and 13% MAF in year 2) be read a third time as amended.

##### **OPTION 3**

THAT third reading of Development Cost Charge (DCC) Amendment Bylaw 1233, 2024 be rescinded;  
AND THAT Development Cost Charge (DCC) Amendment Bylaw 1233, 2024, as shown on Attachment E (OPTION 3) to the Report to Council dated January 14, 2025 (2-year phase-in with 10% MAF in year 1 and 5% MAF in year 2) be read a third time as amended.

Respectfully Submitted.

**Matthew Salmon, Infrastructure & Development Engineering Director**

#### **Attachments:**

- A. UDI Letter to Mayor & Council
- B. DCC Bylaw 1233, with tracked amendments (Option 1)
- C. DCC Bylaw 1233, without tracked amendments (Option 1)
- D. DCC Bylaw 1233, without tracked amendments (Option 2)
- E. DCC Bylaw 1233, without tracked amendments (Option 3)

## Report Approval Details

Document Title:	Development Cost Charge (DCC) Amendment Bylaw 1233, 2024 .docx
Attachments:	<ul style="list-style-type: none"> <li>- Attachment A-UDI-Phasing request-2024-11-29-1.pdf</li> <li>- Attachment B-DCC Bylaw 1233, 2024-Tracked Amendments.pdf</li> <li>- Attachment C-DCC Bylaw 1233, 2024-OPTION 1-Clean-Staff Recommendation.pdf</li> <li>- Attachment D-DCC Bylaw 1233, 2024 -OPTION 2-Clean.pdf</li> <li>- Attachment E-DCC Bylaw 1233, 2024 -OPTION 3-Clean.pdf</li> </ul>
Final Approval Date:	Jan 9, 2025

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

**Reyna Seabrook, Director of Corporate Services - Jan 9, 2025 - 4:14 PM**

**Paul Gipps, Chief Administrative Officer - Jan 9, 2025 - 4:29 PM**