



The Corporation of the City of Courtenay

Staff Report

To: Council
From: Director of Development Services
Subject: Development Cost Charge Proposed Rates

File No.: 3150-00
Date: June 25, 2025

PURPOSE:

To seek Council's endorsement of the draft Development Cost Charge (DCC) rates and to direct staff to initiate consultation with the development industry and the public prior to bringing forward the updated DCC Bylaw for Council consideration.

EXECUTIVE SUMMARY:

The City's current "Development Cost Charges Bylaw No. 2840" was adopted in May 2016. An amendment—bylaw No. 3068—was adopted in July 2022 following approval by the Inspector of Municipalities in June 2022. This amendment bylaw enabled the City to apply annual Consumer Price Index (CPI) based inflationary adjustments to DCC rates in both 2023 and 2024.

Given the City's significant population growth and the need to align with future development to 2045, the original DCC program list (first created in 2005 and later replaced by Bylaw 2840) has been thoroughly reviewed and updated.

While the *Local Government Act* does not require public consultation for DCC bylaws, it does recommend it, particularly with the development community. Consultation is also a key expectation of the Inspector of Municipalities during the DCC bylaw review process.

This report presents the proposed DCC program and updated rates for Council's consideration. Further details can be found in *Attachment 1 - Development Cost Charge (DCC) Bylaw 2025 – Draft Background Report*.

BACKGROUND:

At the December 18, 2024 Council meeting, Staff presented an overview of the Development Cost Charge (DCC) regulations under the *Local Government Act* (LGA), along with best practices that guide the review of the existing DCC Bylaw and associated rates.

Based on that discussion, Council endorsed the use of a **1% Municipal Assist Factor** and the City's projected population growth over the next 20 years to inform the draft DCC project list and rate structure. These efforts aim to ensure the City has sufficient financial capacity to fund its share of growth-related infrastructure while maintaining DCC rates that do not discourage development.

Staff also introduced the concept of Amenity Cost Charges (ACCs)—a separate financial tool used to fund community amenities such as recreation centres, libraries, and cultural spaces, which are not eligible for funding through the DCC program under current regulations. ACCs are collected at the time of building permit issuance or subdivision approval and are intended to support liveable, complete communities. To implement ACCs, the Province now requires local governments to complete an **economic viability analysis**

to ensure proposed ACCs will not deter development. This study is currently underway as part of the Official Community Plan (OCP) update. Based on the findings, staff will bring forward proposed ACC rates for Council's consideration at a later date.

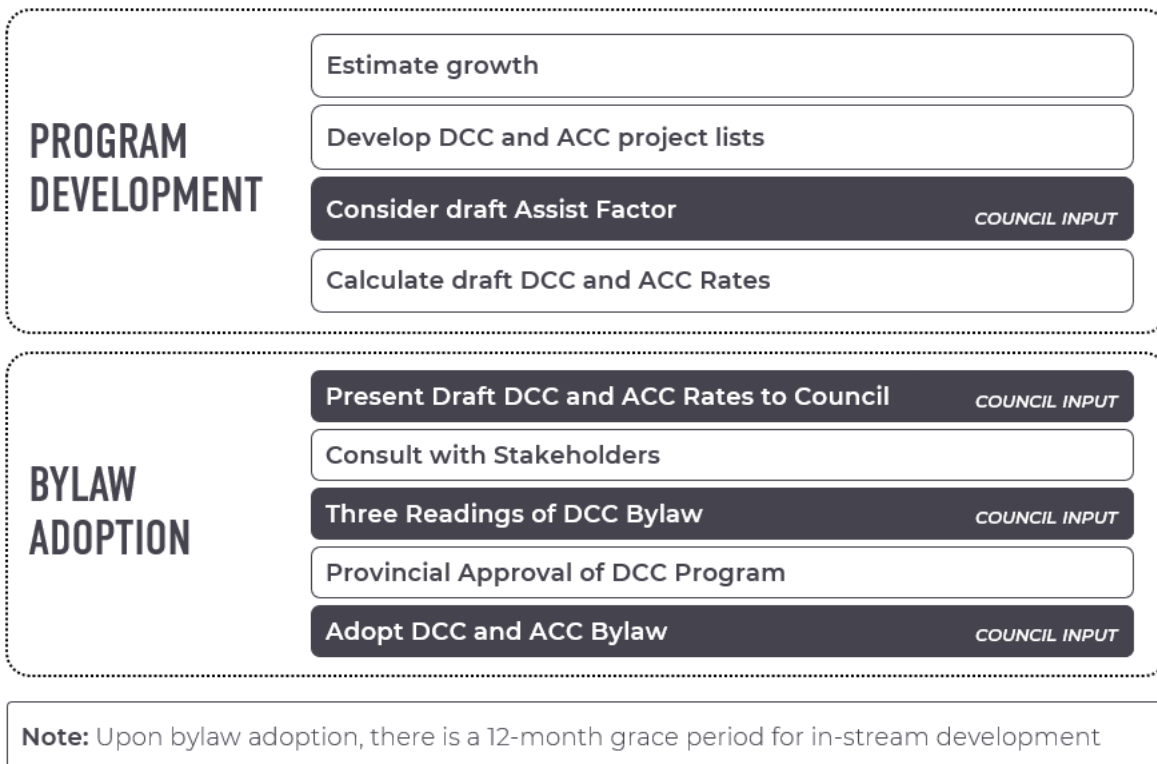
In March 2025, the Province issued a new **Development Cost Charge Best Practices Guide** which staff and the consultants are using to guide the process. The guide identifies six key principles for DCC programs:

1. Benefiter pay,
2. Fairness and Equity,
3. Certainty,
4. Integration,
5. Accountability, and
6. Consultative input.

In line with best practices, once Council establishes the draft DCC rates, staff will proceed with consultation involving the development industry and other interested stakeholders. Feedback from this engagement will be presented to Council during the bylaw adoption process.

Following third reading, the DCC bylaw must be submitted for review and approval by the **Inspector of Municipalities**, a process that typically takes 2 to 3 months. Staff recommend that Council endorse the DCC rates and proceed with a public information session to inform the DCC Bylaw.

Figure 1: DCC Approval Process – DCC Best Practices Guidelines March 2025



At the December 18, 2024 council meeting, the staff report and presentation outlined the technical progress required to establishing DCC projects and rates. This includes:

- Identify the program timeline,
- Identify the anticipated population growth rate,
- Identify infrastructure projects required to service that new growth,
- Allocate the benefit of that infrastructure to the new and existing population,
- Determine the municipal assist factor (Council policy decision), and
- Calculate DCC rates for each type of development.

Each department reviewed the initial DCC project list with a focus on growth-related priorities, the City's financial capacity to fund its share of project costs, and the principle that growth should pay for growth. Over the past several months, staff have refined the DCC program by reducing or deferring projects to ensure that the proposed charges remain reasonable and do not deter development.

As a result of this work, the projected DCC rate for a single residential dwelling unit has been reduced from over \$35,000 to just under \$22,000. The DCC rates will be reviewed and updated as master plans are completed or revised, with the next major update anticipated within the next 3 to 5 years.

The intent of the DCC program is to recover the cost of new infrastructure and facilities related to growth, by assigning a portion of those costs to new development through development charges. This ensures new development pays a prorated portion of the cost of, for example, upsized underground infrastructure or expanded fire protection facilities. Acknowledging that existing infrastructure and facilities also will be upgraded or renewed to serve the existing population and development in the community, DCC programs are required to demonstrate how the apportioning of cost has been established. The DCC program is a financial tool for municipalities to finance new investment in infrastructure and community facilities in response to growth related community goals and housing supply mandates.

Staff and consultants have now completed the necessary analysis and program design to establish draft DCC rates and proceed to public consultation stage. After consultation, feedback will be considered and then a DCC bylaw will be brought forward to Council for consideration of readings. Inspector of Municipalities approval is required for the DCC Bylaw and will follow initial bylaw readings by Council.

The technical process that has been completed to date for the DCCs rates is as follows:

- Identify the program timeline,
- Identify the anticipated population growth rate,
- Identify infrastructure projects required to service that new growth,
- Allocate the benefit of that infrastructure to the new and existing population,
- Determine the municipal assist factor (Council policy decision), and
- Calculate DCC rates for each type of development.

Growth forecasts were used to identify growth-related projects and costs. In determining the list of growth-related projects, considerable time was spent ensuring that current replacement and renewal plans were considered in determining the benefit allocation between existing and future development.

DCC programs rely on projections of growth for the next 20 years. The numbers used in the program are based on population projections and anticipated development of new housing and other new development.

Further information regarding the inputs used for the development of the DCC program and rates is included in the Draft DCC Background Report appended to this report as Attachment 1. This report will be finalized and submitted to the Inspector of Municipalities as part of DCC Bylaw approval.

DISCUSSION:

Types of Development

All three regional municipalities, along with the Comox Valley Regional District (CVRD), are currently developing or updating their respective DCC and/or ACC programs. As part of this work, staff from each jurisdiction have engaged in discussions to align land use category definitions (e.g., Low Density Residential, Commercial) and units of charge (e.g., per dwelling unit or per square metre).

This collaborative approach aims to streamline DCC calculations for both municipal staff and the development industry. By standardizing terminology and methodologies across jurisdictions, the risk of misinterpretation or miscalculation is reduced, and the process becomes more predictable and transparent for all stakeholders.

The updated land use definitions are designed to encourage greater housing diversity and density. Under the revised Low-Density Residential category, both a secondary suite and a detached accessory dwelling unit (ADU) are permitted on a single lot. This approach supports low-density infill and promotes the development of "missing middle" housing, moving away from traditional single-detached homes without additional units.

The Medium Density category applies to duplexes, townhouses, and mobile home park units, with DCCs calculated on a per-unit basis. This structure is intended to incentivize the development of larger, family-sized multi-unit homes.

The High-Density category includes apartment buildings and any additional accessory dwelling units that exceed what is permitted under the Low- or Medium-Density categories (e.g., a second detached ADU on a low-density lot). DCCs in this category are proposed to be calculated per square metre of floor space. This method aligns with the DCC Best Practices Guide, which notes that floor space-based DCCs are preferred by the development industry and are particularly beneficial for affordable housing, as smaller units incur lower charges.

Commercial, Industrial and Institutional land use categories are all proposed to be charged on a square metre basis at time of building permit to reflect the proposed development.

Municipal Assist Factor

The Municipal Assist Factor provides Council with the discretion to determine the level of municipal contribution toward Development Cost Charges (DCCs) for new development. This factor can range from 1% to 99%, representing the portion of growth-related infrastructure costs the municipality will fund instead of the developer.

In practice, most municipalities set the assist factor at 1%. A higher assist factor would shift more of the financial burden to taxpayers, reducing the portion of infrastructure costs recovered from development.

The assist factor should reflect the community's willingness and ability to subsidize growth-related infrastructure.

Assist factors can vary by infrastructure category within a DCC program, but a 1% factor is common because DCC programs are designed to fund only the portion of infrastructure directly attributable to new development. Additionally, most municipalities lack the financial capacity to subsidize these costs beyond a minimal level.

It is also possible to phase in DCC increases by starting with a higher assist factor and gradually reducing it over a period of 3 to 5 years. However, staff recommend applying a 1% assist factor at this time to ensure growth continues to pay for growth without increasing the financial burden on existing taxpayers.

Projects and Benefit Allocation

DCC programs are comprised of multiple eligible projects in each category. As the volume and costs of these projects increases, rates for these programs will rise. The calculation of rates includes a benefit factor which represents the percentage of the project attributable to growth. This ensures that only the growth portion is used to calculate rates.

Associated master plans recommend projects that are then included as projects in the DCC programs to ensure that the infrastructure needs of growth are well-understood and incorporated in the DCC program as per recommended best practices. For additional detail on the projects that make up each DCC program refer to the Draft DCC Background Report appended to this report as Attachment 1.

DCC rates are directly tied to the project costs and the benefit allocation to growth. It is a best practice to complete annual inflationary adjustments as permitted by legislation and update DCC programs every 3-5 years to ensure that the City is collecting adequate charges to deliver the projects needed to support growth. Annual CPI amendments can be done up to four (4) years from the approval of the Inspector and year five should be a major update that would have to be approval by the Inspector.

Public Engagement

There are no mandatory public consultation activities described in legislation for DCC, however, engagement is expected by the Inspector of Municipalities for the DCC Bylaw approval. Consultation with interested parties promotes transparency, trust, and fairness and is a recommended best practice when developing DCCs. The consultation process should involve consultation with parties considered to be affected by the development of DCC bylaws, which could include the public, development community, and housing organizations. One or more opportunities must be provided in a manner the local government considers appropriate. Staff are recommending that if Council is supportive of the proposed rates that staff be directed to hold a public information session and consult with the development industry.

All three regional municipalities and the CVRD are currently developing or revising DCC and/or ACC programs; staff from each jurisdiction have discussed hosting a Valley-wide engagement session to provide an opportunity for interested parties to efficiently provide feedback to each local government/regional district's program updates at a combined event recognizing that interested parties often work in all the Comox Valley jurisdictions. Staff are recommending that we host a public engagement session with CVRD, Town of Comox and Cumberland to share each jurisdictions' proposed DCC rates with the development industry for a coordinated discussion to streamline the engagement process and ensure coordinated messaging.

Staff will prepare a social pinpoint webpage on engagecomoxvalley.ca and provide information including DCC project lists, Council reports and presentations, FAQ sheet, and general project timelines.

Feedback received will be included when presenting the DCC Bylaw to Council for further consideration.

In Stream Protection

When a new DCC Bylaw is adopted, certain development applications submitted prior to the bylaw's adoption are granted 12 months of in-stream protection from the updated DCC rates.

This protection applies to:

- Subdivision and building permit applications submitted before the adoption date.
- Complete rezoning and development permit applications submitted before adoption, provided they result in a building permit within 12 months of the bylaw coming into effect.

Applications that meet these criteria are exempt from any DCC rate increases introduced in the new bylaw.

Statutory Exemptions

As per provincial legislation, the following are exempt from paying DCCs:

- Development in which a DCC or ACC has previously been paid;
- Development that does not impose a new capital cost burden; and
- Places of Worship.

DCC exemptions that can be varied by Council:

- Building Permits for work that does not exceed \$50,000 in value)
- Self-contained residential dwelling units no larger than 29 m² (312 ft²).
- Fewer than 4 units

In discussions with the CVRD, Town of Comox and Village of Cumberland, staff and the consultant aimed to establish consistency in application of these exemptions to streamline the process for the development industry. The following was agreed to:

- Building Permits for work that does not exceed \$75,000 in value.
- Self-contained residential dwelling units no larger than 29 m² (312 ft²).
- Fewer than 4 units (existing bylaw and proposed to apply single units)

Waivers and Reductions

Under the Local Government Act, a local government may opt to impose an additional Bylaw through which DCCs may be waived or reduced. DCC waivers or reductions can be provided in support of development resulting in the creation of affordable rental housing or reduced environmental impact. Waiver and Reduction Bylaws do not require approval from the Inspector of Municipalities.

The City adopted "Development Cost Charges Waiver (Affordable Housing) Bylaw No. 3118" in 2024 to waive DCCs for Non-Profit Affordable Rental Housing with a bylaw expiry of June 1, 2027. When a municipality establishes any waivers or reductions, the amount waived is to be entirely supported by the existing taxpayer.

Council can direct staff to develop or amend a waivers and reductions bylaw at any time and does not have to be done in conjunction with the subject bylaws. It is recommended that Bylaw 3118 be reviewed in 2026, prior to the subject bylaw expiration date. Waiver and reduction bylaws afford the opportunity to reduce charges on any of the following types of development:

- Not-for-profit rental housing
- Supportive living housing
- For-profit affordable rental housing
- A subdivision of small lots designed to result in low greenhouse gas emissions
- A development designed to result in low environmental impact

Rates

Table 1 shows the existing DCC rates (2024) per category. The proposed DCC rates per program are broken down in Table 2 below. Table 3 illustrates the proposed City of Courtenay DCC rates as well as the Comox Valley Regional District (CVRD) proposed DCC rates, note that the CVRD rates are also draft and subject to change. The City collects DCC rates on behalf of the CVRD at the time of development. Best Practice recommends using a 1% municipal assist factor which Council supported at the December 18, 2025 meeting

Should Council wish to increase the assist factor, this would result in a decrease of DCC charges and an increase to the municipal financial responsibility. Additional details about how the rates were determined, including project details, are included in a draft DCC Background Report (Attachment 1).

Table 1: Current DCC Rates; Development Cost Charges - Amendment Bylaw No. 3164, 2024

Land Use	Collection basis	Transportation	Water	Sanitary Sewer	Drainage	Park Acquisition & Development	TOTAL
Single Family Residential	Per lot / dwelling unit	\$3,047.96	\$506.56	\$1,585.29	\$1,598.29	\$972.39	\$7,710.49
Multi-Family Residential	Per m ² of total floor area	\$17.12	\$3.57	\$11.20	\$4.80	\$6.87	\$43.56
Commercial	Per m ² of total floor area	\$40.14	\$1.32	\$4.12	\$7.19	\$0.00	\$52.77
Institutional	Per m ² of total floor area	\$40.14	\$1.32	\$4.12	\$7.19	\$0.00	\$52.77
Congregate Care	Per m ² of total floor area	\$8.56	\$1.79	\$5.60	\$2.40	\$0.00	\$18.35
Industrial	Per hectare	\$32,743.86	\$8,469.08	\$26,503.81	\$27,172.43	\$0.00	\$94,889.18

Table 2: Proposed DCC Rates (2025) by Category

Land Use	Unit of Charge	Transportation	Water	Drainage	Sewer	Parks	Fire	Proposed Rate (2025)
Low Density Residential	lot / dwelling unit	\$3,603.00	\$654.00	\$1,192.00	\$4,727.00	\$8,686.00	\$2,475.00	\$21,337.00
Medium Density Residential	dwelling unit	\$2,024.00	\$356.00	\$953.00	\$2,574.00	\$4,731.00	\$1,348.00	\$11,986.00
High Density Residential	m ² gross floor area	\$27.00	\$4.18	\$4.82	\$30.29	\$55.65	\$15.86	\$137.80
Commercial	m ² gross floor area	\$47.43	\$1.36	\$5.36	\$9.85	\$18.10	\$5.16	\$87.26
Institutional	m ² gross floor area	\$47.43	\$1.36	\$5.36	\$9.85	\$0.00	\$5.16	\$69.16
Industrial	m ² gross floor area	\$3.87	\$0.88	\$2.03	\$6.33	\$0.00	\$3.31	\$16.42

Table 3: Proposed City (2025) and CVRD Draft (2025) Rates

Land Use	Proposed City DCC Rates	Proposed Regional DCC Rates*	Combined City & Regional Rate	Unit of Charge
Low Density Residential	\$21,337	\$18,042	\$39,379	Per Lot
Medium Density Residential	\$11,986	\$9,826	\$21,812	Per Dwelling Unit
High Density Residential	\$137.80	\$88.57	\$226.37	Per sq. m. of GFA
Commercial	\$87.26	\$37.60	\$124.86	Per sq. m. of GFA
Institutional	\$69.16	\$37.60	\$106.76	Per sq. m. of GFA
Industrial	\$16.42	\$24.16	\$40.58	Per sq. m. of GFA

**Note, the CVRD rates are also draft and subject to change*

DCC Comparisons:

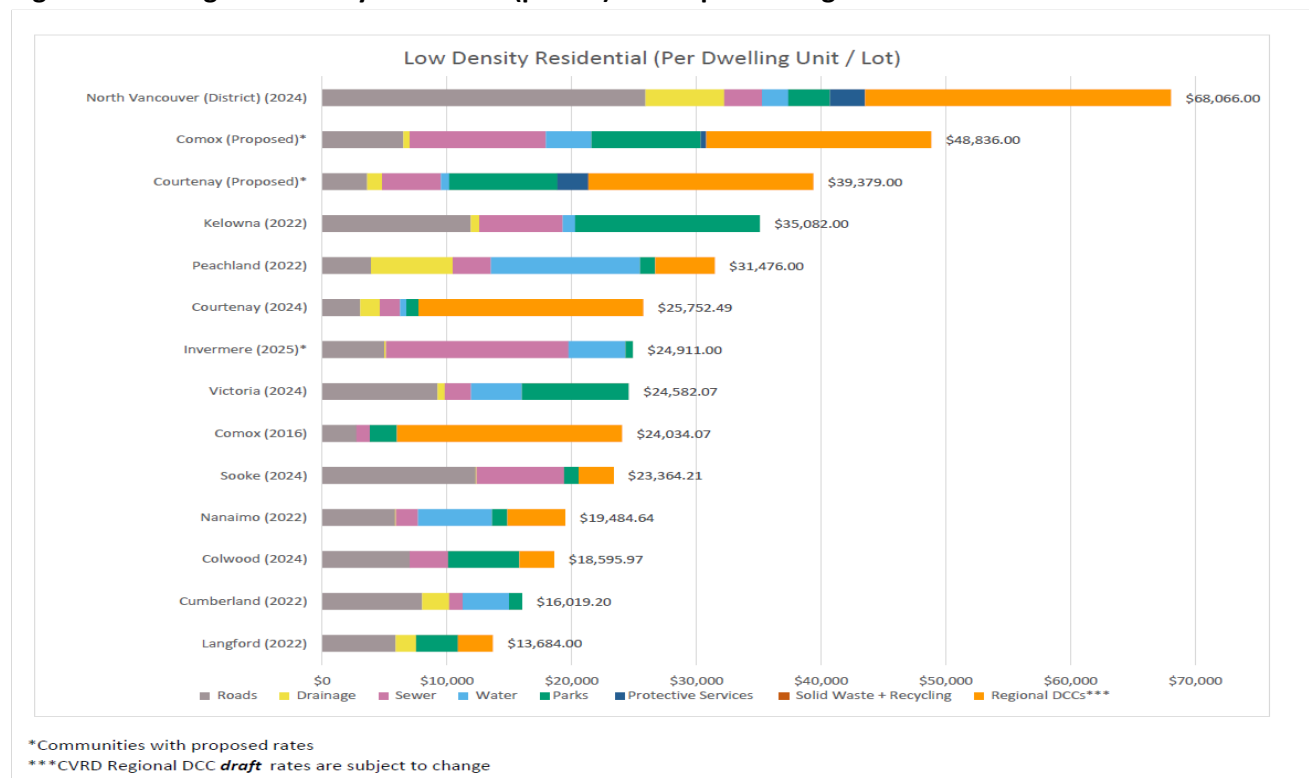
While DCC rates are based on the specific growth-related infrastructure needs of each municipality, it is common practice to compare rates across jurisdictions. However, such comparisons must be made carefully, as each community has unique development patterns, infrastructure priorities, and land use definitions.

Key factors to consider when comparing DCC rates include:

- **Land use category definitions:** These vary between municipalities. For example, a detached Accessory Dwelling Unit (ADU) in Kelowna incurs an additional charge separate from the primary dwelling, whereas in Comox and Courtenay, it does not.
- **Rate application methodology:** Some municipalities calculate charges per unit, while others use square metre rates.
- **Date of the DCC program:** Older programs may not reflect current construction costs and may be under review, as is currently the case in Nanaimo and Peachland.

The accompanying chart provides a comparison of proposed DCC rates for Courtenay, Comox, and the CVRD, for context and reference.

Figure 2: Existing Low density residential (per lot) municipal and regional DCC rates



Next Steps

1. **Refine Materials** - In accordance with Council direction, staff will revise the draft materials and prepare content for public engagement.
2. **Public Engagement** (July 2025) - Engagement activities will include:
 - Launching a dedicated project webpage
 - Installing information boards at City Hall
 - Collaborating with other Comox Valley jurisdictions to host a regional open house for the housing and development industry focused on DCCs and ACCs.
3. **Council Presentation** (August 2025) - Staff will present a summary of engagement feedback alongside the draft DCC bylaws for Council's consideration.
4. **Submission to the Province** - Upon third reading, the bylaws and supporting background report will be submitted to the Inspector of Municipalities for review and approval.
5. **Final Adoption** (Late 2025) - Following provincial approval, the bylaws will be brought back to Council for final adoption.

FINANCIAL IMPLICATIONS:

Development Cost Charges (DCCs) on new development will provide critical funding for infrastructure needed to accommodate population growth. Implementing the updated DCC program as soon as possible will ensure that development contributes an appropriate share of infrastructure costs, helping to reduce the financial burden on existing taxpayers.

Based on the projected growth rates and the proposed DCC rates with a 1% municipal assist, the program could collect up to \$112 million over the 20-year program from development activity, offsetting the projected \$200 million in capital costs. The resulting municipal responsibility is a contribution of \$88 million over the 20-year program resulting in an annual capital responsibility of \$4.4 million.

If Council chooses to increase the municipal assist factor beyond 1% for any of the six DCC program categories, the City's financial responsibility will increase, resulting in additional costs to existing taxpayers.

Establishing the DCC program will also enhance long-term financial planning for growth-related infrastructure and amenities. Funds collected through DCCs are held in reserve and can only be used to design and construct projects identified in the approved program. By legislation, DCC funds must be used exclusively for growth-related components and cannot be redirected to unrelated infrastructure needs.

ADMINISTRATIVE IMPLICATIONS:

The process for developing rates for DCC requires interdepartmental collaboration and significant time from each department which may not be in their work plan. To date, staff have spent the last year working collectively to establish the draft DCC rates. The projects have been prioritized to address growth and will be or are already in the capital plan in the financial plan.

STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Buildings and Landscape - Update Development Cost Charges (DCC) Bylaw

PUBLIC ENGAGEMENT:

The following are the estimated dates for the next steps in the DCC Bylaw process:

- **July 21, 2025 – Development Industry Engagement:** Regional open house in collaboration with CVRD, Town of Comox, and Village of Cumberland.
- **August 27, 2025 – Council Consideration:** Presentation of the DCC Bylaw for first, second, and third readings.
- **September–November 2025 – Provincial Review:** Submission to and review by the Ministry of Municipal Affairs (Inspector of Municipalities)
- **December 2025 – Final Adoption:** Return to Council for adoption following Ministry approval
- **January 1, 2026 – Implementation:** New DCC rates come into effect.

RECOMMENDED OPTIONS:

THAT Council endorse the application of a 1% Municipal Assist Factor in the calculation of Development Cost Charges.

THAT Council endorse Table 2, 'Proposed DCC Rates (2025) by Category,' as presented in the June 25, 2025 staff report titled *Development Cost Charge Proposed Fees*.

THAT staff be directed to initiate public engagement on the draft Development Cost Charge (DCC) rates, as outlined in Table 2, and report back to Council by September 2025 with a summary of engagement feedback and the draft DCC bylaw for consideration.

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ALTERNATIVE OPTIONS:

Council could choose to adjust the municipal assist factor for the proposed DCC rates or direct staff to remove a project from the program. The following motions would be in order:

1. THAT Development Cost Charge Rates with a municipal assist factor of X% be endorsed; and THAT the programs be advanced to public engagement as amended.
2. THAT staff be directed to revise the presented programs and rates based on Council direction; and THAT the programs be advances to public engagement as amended.
3. THAT Council provide alternative direction to staff.

ATTACHMENTS:

1. Development Cost Charge (DCC) Bylaw 2025 – Draft Background Report - 2025-06-09
2. Briefing Note - Development Cost Charge Bylaw and Amenity Cost Charge Bylaw Update - 18.12.2024

Prepared by: Marianne Wade, Director of Development Services

Reviewed by: Adam Langenmaier, Director of Finance
Kyle Shaw, Director of Operations
Chris Davidson, Director of Infrastructure and Environmental Engineering
Susie Saunders, Director Recreation, Culture, and Community Services

Concurrence: Geoff Garbutt, M.P.I., MCIP, RPP, City Manager (CAO)