



City of
Courtenay

Development Cost Charge (DCC) Rates Update

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DCC Phase 2 Update Agenda

- Purpose & Outcomes
- DCC Overview
- DCC Proposed Rates & Community Comparisons
- Next Steps
- Discussion
- Council Recommendation

Purpose and Objectives

PROJECT PURPOSE

In accordance with Council's Strategic Priorities, update the DCC Program to ensure DCCs incorporate new and existing tools to effectively and sustainably fund essential infrastructure, parks, and fire services needed for the City's growth.

PHASE 2 PRESENTATION PURPOSE

For Council to consider the proposed Development Cost Charge (DCC) rates to establish the rate and direct Staff to engage with the interest holders on the proposed DCC fees prior to Council considering the Development Cost Charge Bylaw.

OUTCOMES

- Develop a common understanding of DCC best practices
- Present rate options for Council's consideration
- Receive direction and ensure alignment on next steps

Why Update Now?

- Recent **changes to Provincial Legislation:**
 - Allow a wider scope of services and amenities to be cost shared (Bill 46)
 - Permits more density through the small-scale multi-unit housing (SSMUH)
- Last major update in 2005 with minor update in 2016, **the DCC rate no longer reflects the funding that is needed** to deliver infrastructure projects required to support growth
- **Significant** construction cost increases
- Larger than anticipated **growth** rates
- **The City is not collecting enough DCC fees to construct the projects in the existing program, a review is required to meet the needs of the future.**

What are DCCs?

- Help communities recover the costs of **off-site infrastructure and amenities needed for growth**
- Based on the **principle of cost-sharing** infrastructure, parks, and fire protection facilities between existing taxpayers and new developments
- **Provincially-regulated** development finance tool



Why use DCCs?

- Fosters a **fair and equitable** approach where growth pays for growth and infrastructure costs are transparent
- Creates **consistency** for the development community through a clear policy framework
- Ensures certainty that services support **growth and development**
- **Minimizes financial risk** to the City
- Ensures **timely processing** of development applications



PHASE 1 PROGRAM DEVELOPMENT

Estimate growth

Develop DCC project lists

Confirming Approach to Financing Growth

COUNCIL INPUT

Calculate draft DCC Rates

PHASE 2 BYLAW ADOPTION

We are
here



Present Draft DCC Rates to Council

Consider draft Assist Factor

COUNCIL INPUT

Consult with Interest Groups

Three Readings of DCC Bylaws

COUNCIL INPUT

Provincial Approval of DCC Program

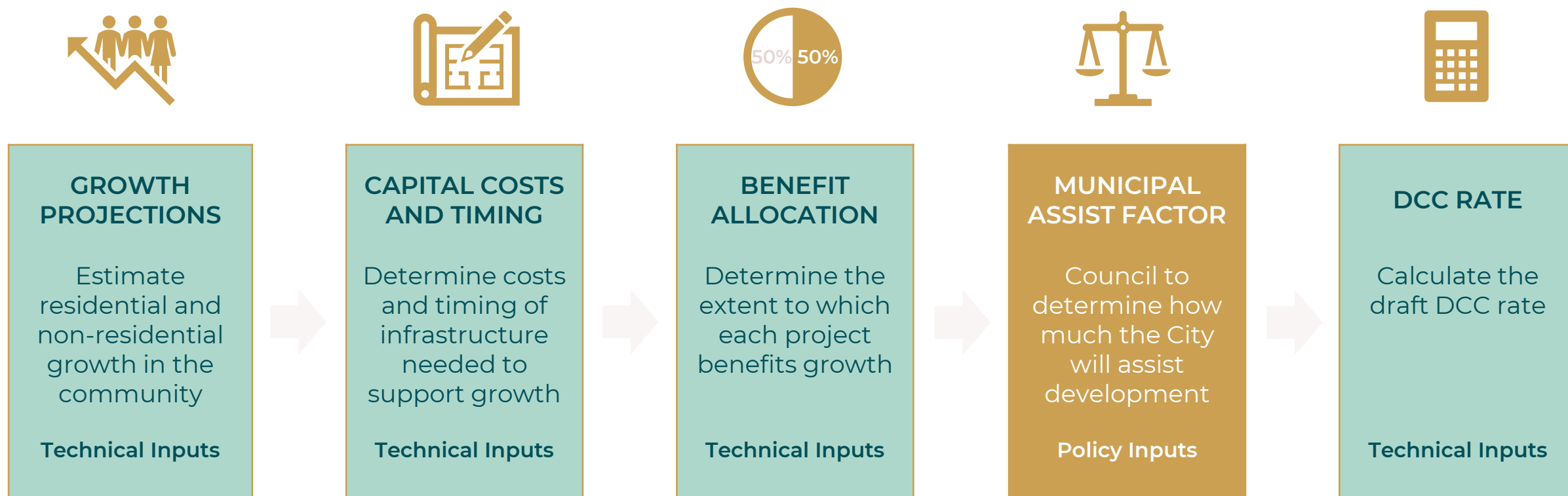
Adopt DCC Bylaws

COUNCIL INPUT

Note: Upon bylaw adoption, there is a 12-month grace period for in-stream development

DCC Bylaw Update Process

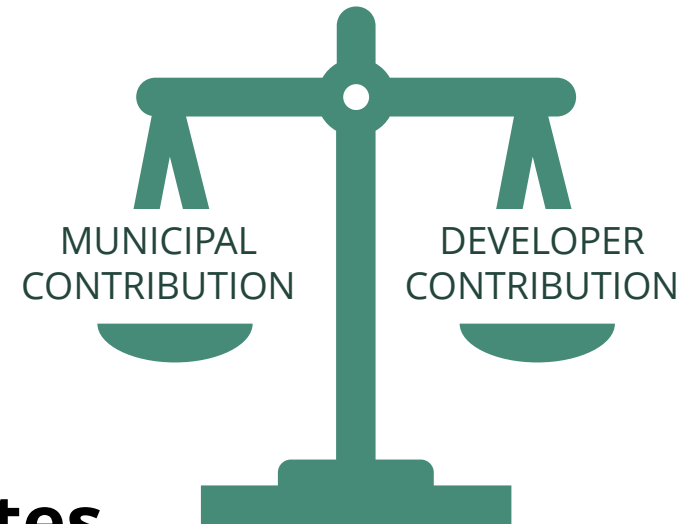
How do we determine the DCC Rate?



Municipal Assist Factor

- Legislation requires local governments to assist development for DCCs
- Assist amount must be made up through non-DCC revenue (general taxation)
- Council has **complete discretion** to set an assist factor between 1% (least assistance) and 99% (most assistance)
- The assist factor is **varied by DCC Program** (e.g., roads, water, sewer); not by land use type
- DCCs are a technical exercise with a **political lens**

The assist factor is Councils tool to adjust rates.



DCC Recoverable Cost Example: 1% Assist Factor

PROJECT COST	BENEFIT ALLOCATION	ASSIST FACTOR
	35% to new growth	1%
\$1 Million (M)	\$350 K 35% x (\$1 M)	\$3.5 K 1% x (\$350 K)

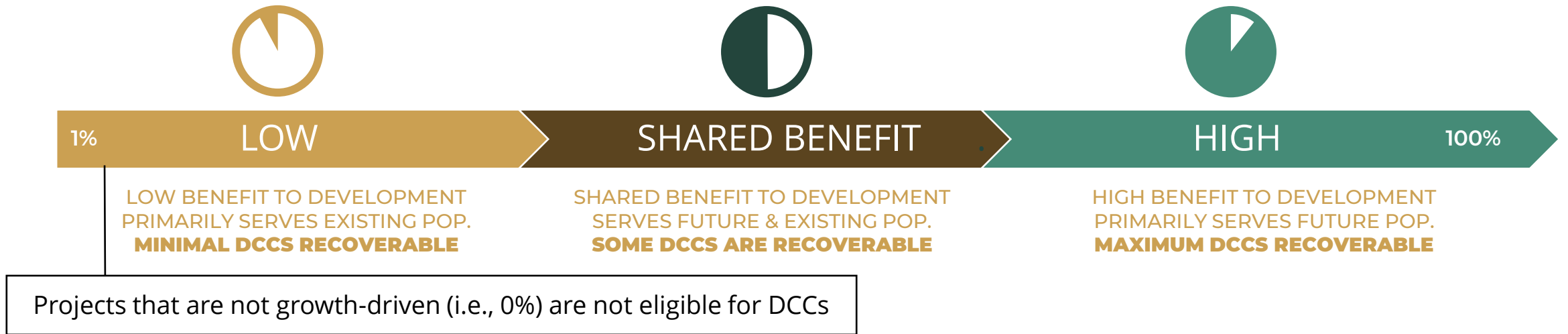
CONTRIBUTION	BENEFIT ALLOCATION	ASSIST FACTOR	FINAL COST SHARE
DEVELOPER	\$350 K Developer share (35% benefit to future population)	(\$3.5 K) Developer receives 1% cost assistance/deduction	\$346.5 K Developer responsibility
CITY	\$650 K City share (65% benefit to current population)	\$3.5 K City contributes 1% assistance	\$653.5 K City responsibility

DCC Recoverable Cost Example: 25% Assist Factor

PROJECT COST	BENEFIT ALLOCATION	ASSIST FACTOR
	35% to new growth	25%
\$1 Million (M)	\$350 K 35% x (\$1 M)	\$87.5 K 25% x (\$350 K)

CONTRIBUTION	BENEFIT ALLOCATION	ASSIST FACTOR	FINAL COST SHARE
DEVELOPER	\$350 K Developer share (35% benefit to future population)	(\$87.5 K) Developer receives 25% cost assistance/deduction	\$262.5K Developer responsibility
CITY	\$650 K City share (65% benefit to current population)	\$87.5 K City contributes 25% assistance	\$737.5 K City responsibility

Allocating Benefit

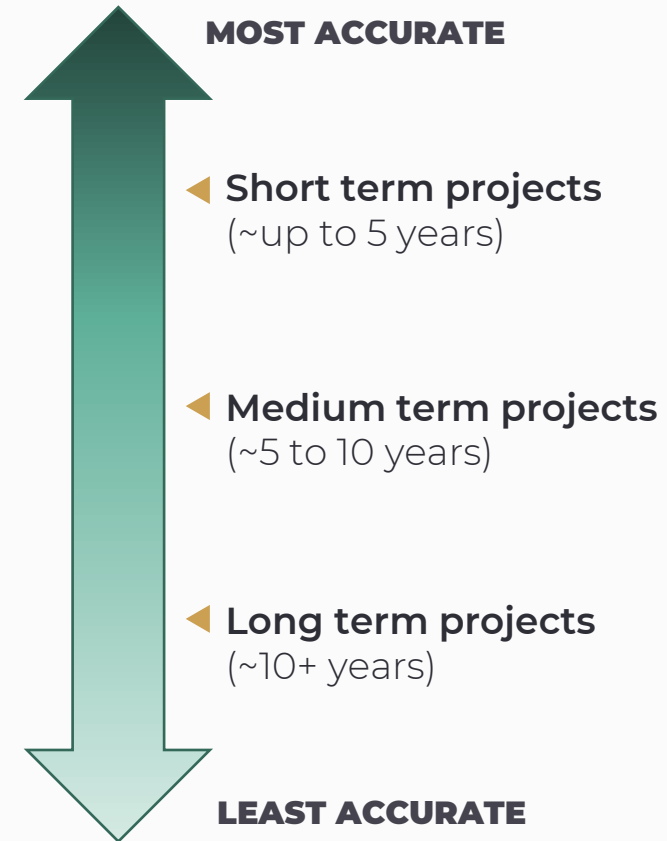


- A benefit allocation (%) is assigned to each project to reflect anticipated benefit to growth
- Ensures costs are shared equitably between the current and future population (benefiters)
- The benefit allocation can be determined based on the following methods:
 1. 'Rule of thumb'
 2. Technical analysis
 3. Population growth

DCC Program Timeframe

- A 20-year 'rolling' program
- Should be updated every 3 to 5 years
- Accuracy of cost estimates can be related to project timing.

TIMEFRAME & COST ESTIMATES



Engagement

- Best practice is to consult with key interested parties, such as:
 - Development community
 - Housing providers
- Recommend development community engagement
- Often there is no public open house consultation as the public is not directly affected by the DCC rates
- Project webpage on Social Pinpoint is recommended with project information and link to key documents and presentations is recommended



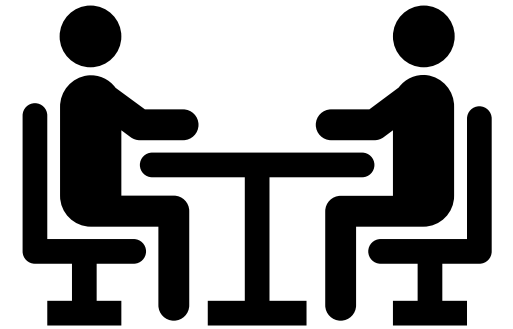
Regional Engagement Collaboration

- All three regional municipalities and the CVRD are currently developing or revising DCC and/or ACC programs.
- Staff have discussed the benefits of a valley-wide engagement session
- Collaborative regional interest holder event with Courtenay, Comox, Cumberland and the CVRD planned for July 21, 2025
- Feedback received will be included when presenting the DCC Bylaw to Council for further consideration.

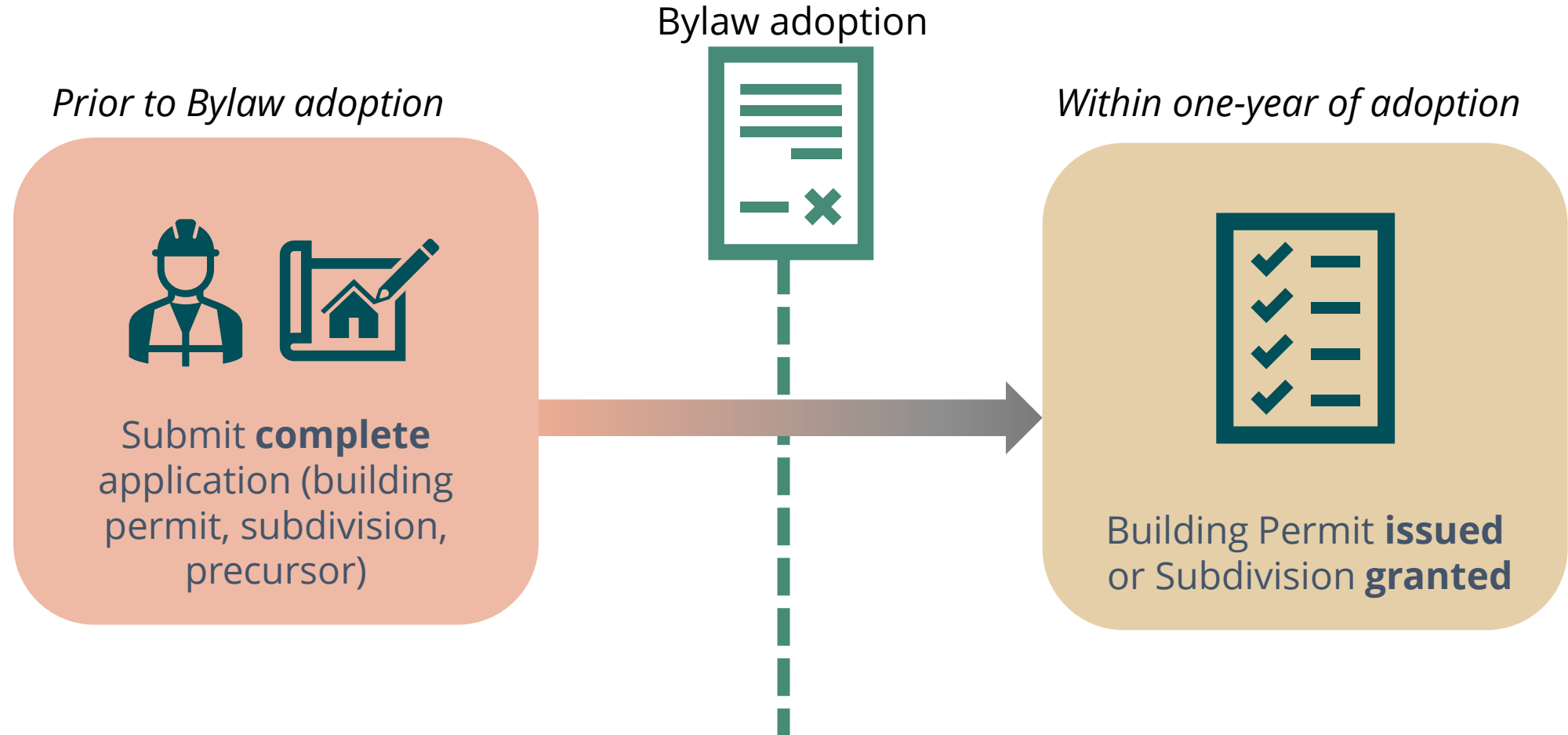


Regional DCC Bylaw Alignment

- Courtenay, Comox and the CVRD are currently revising DCC programs.
- Staff have discussed the benefits of a valley-wide bylaw alignment to:
 - Provide consistency between jurisdictions
 - Simplify DCC calculations
 - Encourage infill opportunities and missing middle and attainable housing



Instream Protection



Statutory Exemptions

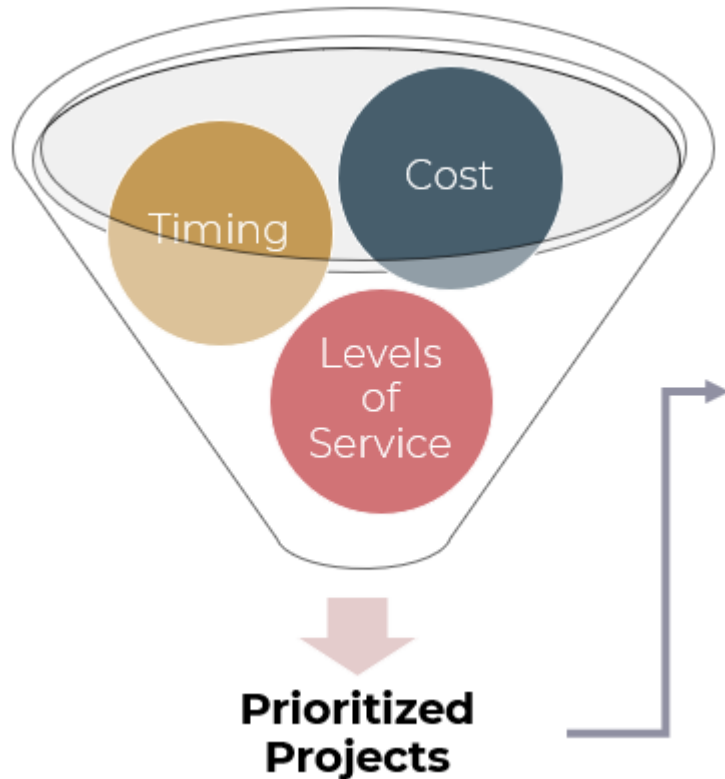
- As per provincial legislation, the following are exempt from paying DCCs:
 - Development in which a DCC has previously been paid
 - Development that does not impose a new capital cost burden
 - Places of Worship

Waivers and Reductions

- DCC waivers or reductions can be provided in support of development resulting in the creation of affordable rental housing or reduced environmental impact
- The City adopted Bylaw 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
- Bylaw 3118 should be reviewed in advance of the expiration date

Proposed DCC Rates & Cost Recovery

Proposed DCC Rates



- Staff have been reviewing and refining the program over the last several months to:
 - Ensure that the City has the financial capacity to fund the municipal portion of the proposed program
 - Ensure that the proposed charges will not deter development
 - Reduce program scope by prioritizing growth-related projects

How are DCCs collected?

- Land use categories are a proxy for the impact of built form on infrastructure services.

LAND USE CATEGORIES	TIMING OF CHARGE	UNITS OF CHARGE
Residential		
Low-density	Subdivision	Per Lot
Medium-density	Building permits	Per Dwelling Unit
High-density	Building permits	Per m ² GFA*
Non-residential		
Commercial	Building permits	Per m ² GFA*
Industrial	Building permits	Per m ² GFA*
Institutional	Building permits	Per m ² GFA*

* GFA means Gross Floor Area

Proposed DCC Rates

Land Use	Unit of Charge	Current DCC Rates	Draft DCC Rates (1% MAF)
Low Density Residential	Per Lot	\$7,710.49	\$21,337.00
Medium Density Residential	Per m ² GFA / Dwelling Unit	\$43.56	\$11,986.00
High Density Residential	Per m ² GFA	\$43.56	\$137.80
Commercial	Per m ² GFA	\$52.77	\$87.26
Institutional	Per m ² GFA	\$52.77	\$69.16
Industrial	Per hectare / m ² GFA	\$94,889.18	\$16.42

Proposed DCC Rates 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

Proposed DCC Rates: City + CVRD

Land Use	Proposed City of Courtenay 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

**CVRD Regional Rates are draft and subject to change.*

DCC Cost Summary

Service	Total Capital Costs (\$M)	Benefit Allocation	Municipal Assist Factor	DCC Recoverable (\$M)	Municipal Costs (\$M) ⁽¹⁾ <i>(Incl. Existing Rate Payer Benefits & 1% Assist Factor)</i>
Transportation	\$73	42-100%	1%	\$31	\$42
Water	\$6	42-100%	1%	\$4	\$2
Drainage	\$19	25-100%	1%	\$9	\$10
Sanitary Sewer	\$26	50-100%	1%	\$22	\$4
Parks	\$51	25-100%	1%	\$36	\$16
Fire	\$25	42%	1%	\$10	\$15
Total ⁽²⁾	\$200			\$112	\$88

(1) Includes municipal assist factor and portion allocated to existing development

(2) Values may not total due to rounding

DCC Municipal Cost Considerations

Service	Municipal Costs (\$M) <i>(Incl. Existing Rate Payer Benefits & 1% Assist Factor)</i>	Program Time Horizon (years)	Municipal Cost Per year (\$)
Transportation	\$42	20	\$2.1
Water	\$2	20	\$0.01
Drainage	\$10	20	\$0.5
Sanitary Sewer	\$4	20	\$0.2
Parks	\$16	20	\$0.8
Fire	\$15	20	\$0.8
Total*	\$88M		\$4.5M

**Values may not total due to rounding*

Proposed DCC Rates: 25% *MAF* for Parks

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	\$6,485.00	\$2,475.00	\$19,136.00
Medium Density Residential	dwelling unit	\$2,024.00	\$356.00	\$953.00	\$2,574.00	\$3,532.00	\$1,348.00	\$10,787.00
High Density Residential	m ² gross floor area	\$27.00	\$4.18	\$4.82	\$30.29	\$41.55	\$15.86	\$123.70
Commercial	m ² gross floor area	\$47.43	\$1.36	\$5.36	\$9.85	\$13.51	\$5.16	\$82.67
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

DCC Cost Summary: 25% MAF for Parks

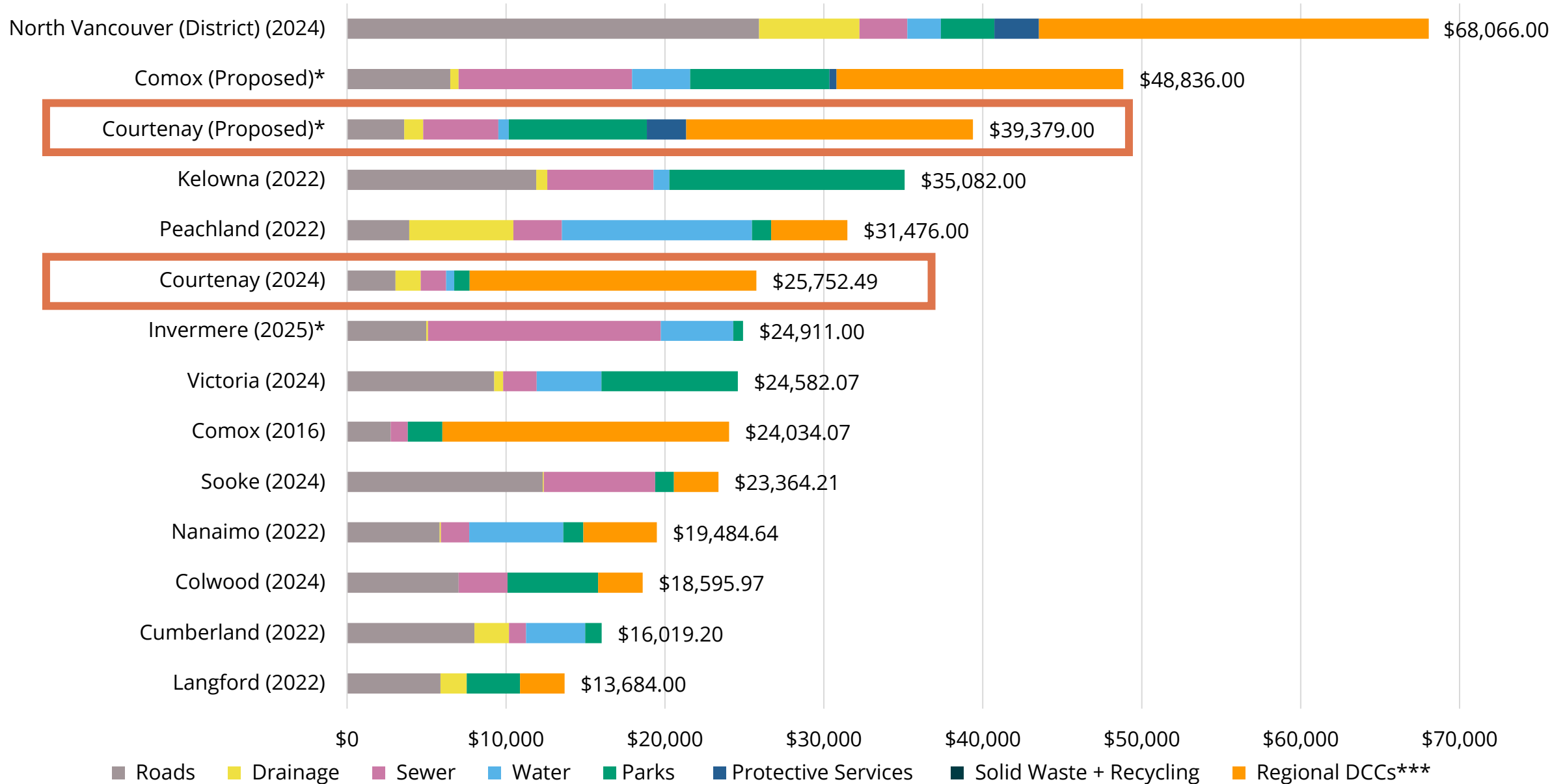
Service	Total Capital Costs (\$M)	Benefit Allocation	Municipal Assist Factor	DCC Recoverable (\$M)	Municipal Costs (\$M) ⁽¹⁾ <i>(Incl. Existing Rate Payer Benefits & 1% Assist Factor)</i>
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Parks	\$51	25-100%	25%	\$27	\$24
Fire	\$25	42%	1%	\$10	\$15
Total ⁽²⁾	\$200			\$103	\$97

(1) Includes municipal assist factor and portion allocated to existing development

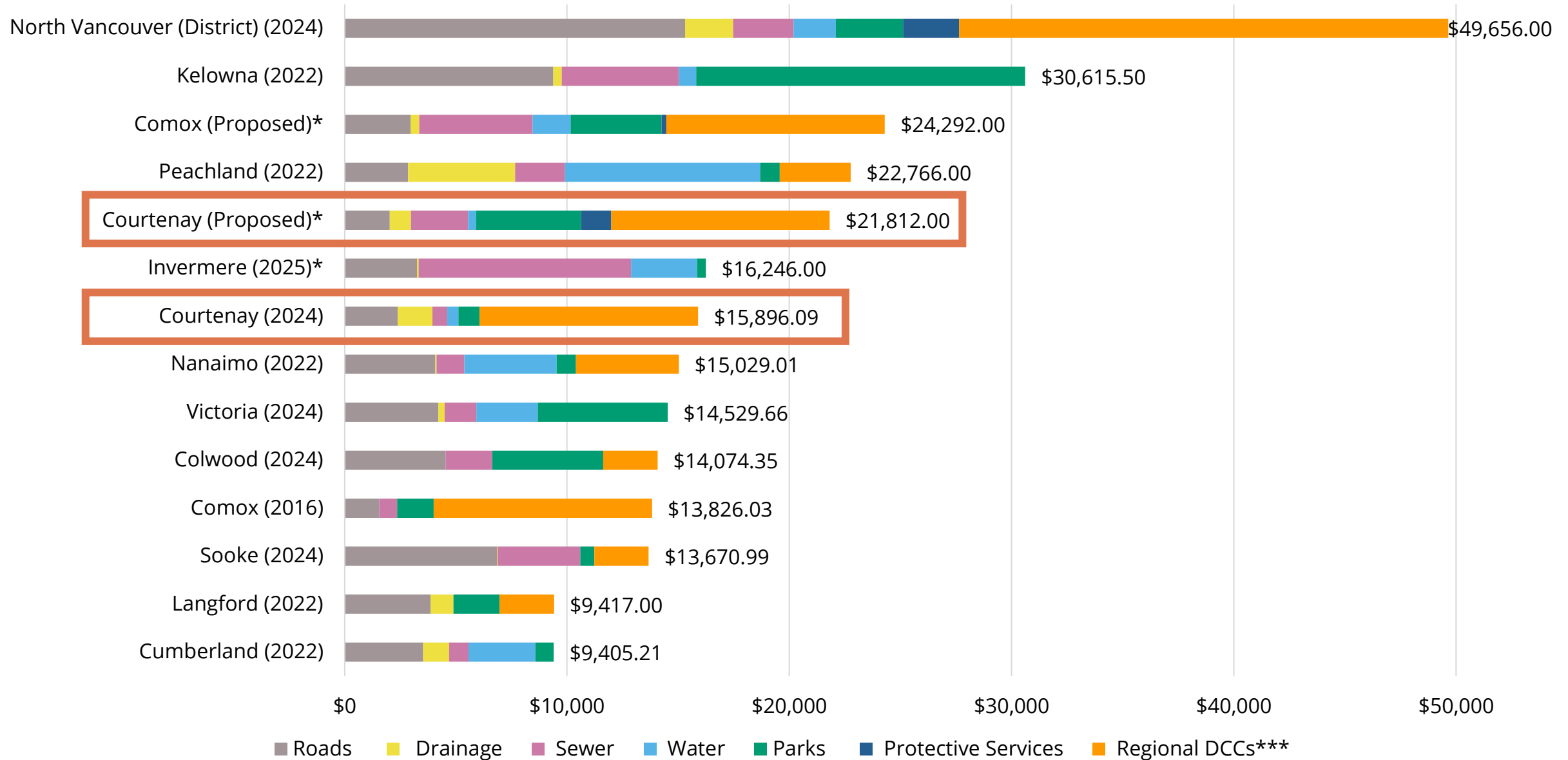
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Community Comparisons

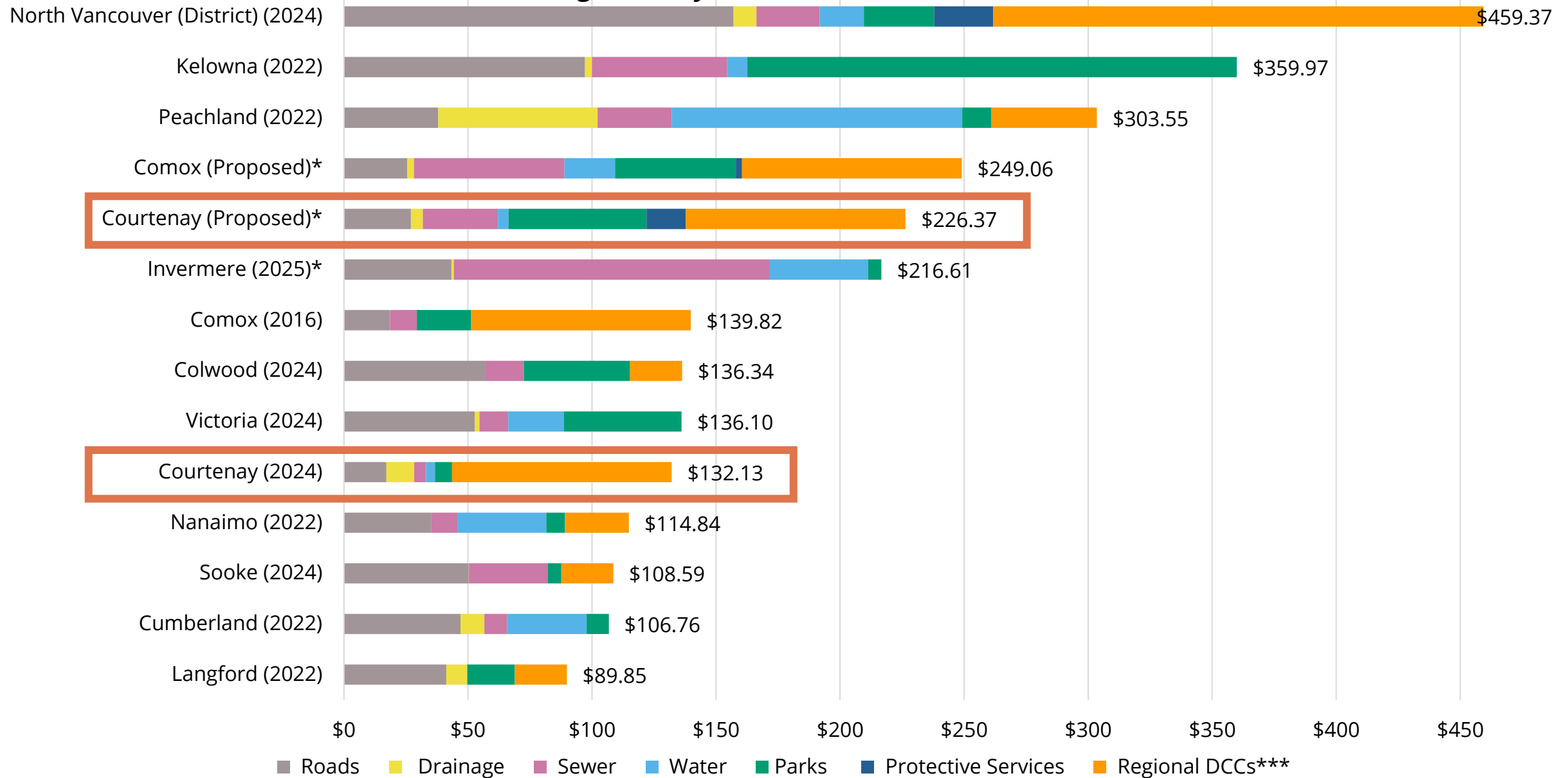
Low Density Residential (Per Dwelling Unit / Lot)



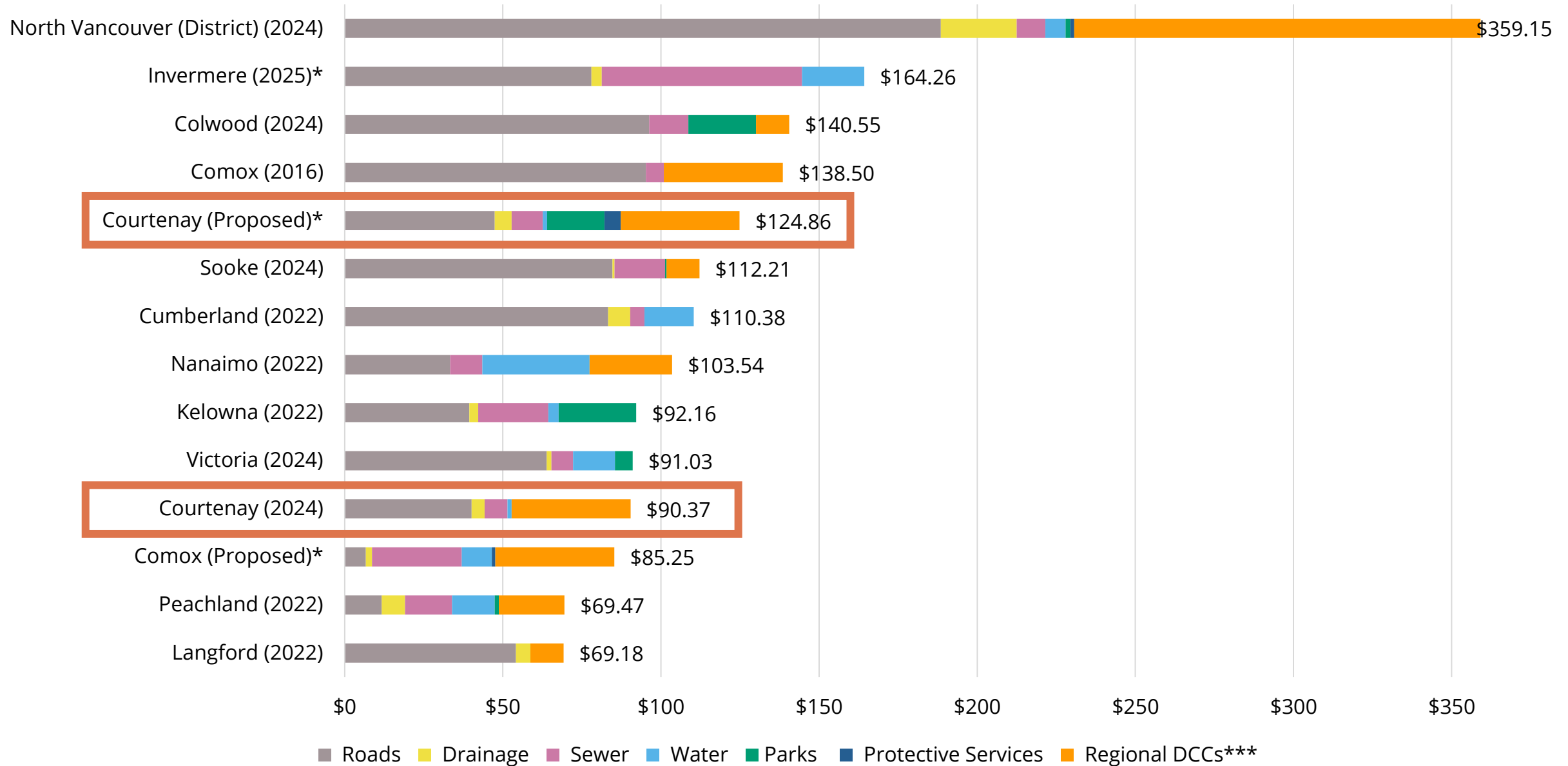
Medium Density Residential (Per Dwelling Unit)



High Density Residential (Per m² GFA)



Commercial Comparison Rates (Per m² GFA)



Next Steps & Discussion

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Note: Upon bylaw adoption, there is a 12-month grace period for in-stream development

DCC Bylaw Update Process

Next Steps

- Further to Council direction, staff will make any requested revisions
- Public engagement including:
 - Update project webpage
 - Create information boards for City Hall
 - Regional collaborative engagement session
- An engagement feedback summary will be presented to Council with draft bylaw for consideration of 3 readings
- Inspector of Municipalities review and approval (2–3-month timeframe)
- Return bylaws to Council for adoption

Questions & Discussion

Council Recommendation

Staff Recommendation

Recommendation:

1. THAT the Development Cost Charge rates with a municipal assist factor of 1% be endorsed;
and
2. THAT the programs and draft rates be advanced to the public consultation phase as presented.

Alternative: Council provides staff with alternative direction regarding the assist factor or proposed projects.