



The Corporation of the City of Courtenay

Staff Report

To: Council

File No.: 3150-20-251

From: Director of Development Services

Date: July 30, 2025

Subject: Request for Reduction of Development Cost Charges – 1560 Grieve Avenue

PURPOSE:

For Council to consider a request submitted by the property owner, L'Arche Comox Valley, to reduce the portion of City of Courtney Development Cost Charges (DCCs) associated with the scheduled construction of purpose-built, affordable rental housing located at 1560 Grieve Avenue, legally described as Lot 14, Section 41, Comox District, Plan 9456.

BACKGROUND:

The subject property is approximately 0.16 ha in size and is located at 1560 Grieve Avenue. Between December 2023 to January 2024, the property owner underwent development approvals to rezone the residential lot to permit 16 multi-residential unit, contained in six buildings, to provide homes for individuals with diverse abilities.

Following the full execution of a Housing Agreement (Housing Agreement Bylaw No. 3117, 2024), Council adopted Zoning Amendment Bylaw No. 3094 on January 24, 2024.

On July 24, 2024, Development Permit No. 2301 for form and character was issued. Following this, five building permit applications were submitted on January 17, 2025 and two additional applications were received on March 6, 2025.

On May 25, 2025, Development Services received a letter of request from the Executive Director of L'Arche Comox Valley seeking a reduction from the Development Cost Charges associated with the seven building permit applications. Additionally, an application to amend Development Permit No. 2301 was received June 23, 2025.

DISCUSSION:

Development Cost Charges (DCCs) are a levy municipal and regional districts may apply to new development to pay for new or expand infrastructure necessary to service the needs of the new development. Under the *Local Government Act*, section 563, local governments have the ability to reduce or exempt certain types of new development from DCCs by bylaw, including not-for-profit rental housing, supportive housing, for-profit affordable rental housing, development designed to result in low emissions and/ or low environmental impact.

Waiving or reduction of DCCs is one of the recommended best practices and strategies that has become well established by local governments in BC. A few examples of comparative municipalities include, Campbell River, Parksville, Duncan and Penticton. In recognition of this important tool, in 2024, Council adopted the "City of Courtney Development Cost Charges Waiver (Affordable Housing) Bylaw No. 3118". This bylaw enacts Council to reduce by 100% that portion of a development which provides Non-Profit Affordable Rental Housing, provided that the Non-Profit Affordable Rental Housing:

- (a) may be secured through a zoning restriction; and
- (b) is secured through a covenant on title which restricts the use of that port the applicable development class for the life of that portion of the building.

As defined in Bylaw No. 3118, “Non-Profit Affordable Rental Housing” is housing that is owned and/or operated by a registered non-profit society and that is subject to a covenant registered to title to the satisfaction of the Director of Development Services.

The applicant, L’Arche Comox Valley, is a BC registered non-profit society. The Society owns the subject property and will be the future operator of the affordable housing units secured through rezoning and a Housing Agreement. According to the applicant, the 15 rental units are ‘deeply’ affordable at an anticipated \$1,000 per unit.

The Society and housing typology satisfy the criteria established in Bylaw No. 3118 and are eligible for 100% DCC exemption for the affordable housing portion of the City’s DCCs. The total amount of eligible DCC’s exemption is: \$38,864.22. Table 1, illustrates the type and number of units and associated DCC fees, excluding the Comox Valley Regional District (CVRD) portion.

Table 1: City’s Portion of DCC Related to Affordable Rental Housing by Building Permit (1560 Grieve Ave)

| 1560 Grieve Ave | | |
|-----------------|------------------|---|
| BP Number | Description | DCC fee excluding CVRD portion and area not for use of affordable housing |
| BP015740 | BLDG A - 4 units | \$7,520.57 |
| BP015741 | BLDG B - 1 SFD | \$7,421.07 |
| BP015742 | BLDG C - 2 units | \$3,583.76 |
| BP015743 | DLDG D - 1 unit | \$5,335.85 |
| BP015774 | BLDG H - 4 units | \$7,482.40 |
| BP015775 | BLDG G - 4 units | \$7,520.57 |
| | TOTAL | \$38,864.22 |

Council’s ability to reduce Development Cost Charges only extends to City DCCs. L’Arche Comox Valley is able to submit a separate request to the Comox Valley Regional District for the (CVRD) for DCC reduction or exemption for Board consideration.

POLICY ANALYSIS:

The provision to alleviate some of the development costs incurred by non-profit societies in the development of non-market, rental housing aligns with, and helps to realize the City’s Official Community Plan policies for Affordable Housing:

- Objective 3: New non-market housing is actively pursued and supported
- Objective 4: Incentives are in place to create below-market housing

FINANCIAL IMPLICATIONS:

Proceeding with this request to waive the non-profit society, L’Arche Comox Valley, from \$38,864.22 in DCCs for 1560 Grieve Avenue means the City will need to identify an alternative source to off-set the infrastructure costs associated with this development. Property taxes is one option; however, the City of Courtenay Affordable Housing Amenity Reserve Fund is the preferred financial tool designed to leverage market development to support non-market, affordable housing goals.

As of July 30, 2026, the Reserve Fund balance is \$1,385,449. If the full requested amount of \$38,864.22 is approved the remaining fund balance would be approximately \$1,346,635, allowing for any accrued interest.

ADMINISTRATIVE IMPLICATIONS:

Processing Development Cost Charge waiver requests is a statutory component of the corporate work plan and a core duty of the Development Services Department. Work to date has primarily been carried out by Development Services staff, although the Financial Services Department has had a direct role in the financial analysis and drafting of this report.

STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Affordable Housing - Explore approaches to develop affordable housing: Develop strategy for housing amenity fund
- Financial Sustainability - Ensure capacity to accommodate big change

OPTIONS:

1. THAT Council approve the Development Cost Charges reduction request from L'Arche Comox Valley for the property located at 1560 Grieve Avenue, legally described as Lot 14, Section 41, Comox District, Plan 9456, for the construction of affordable rental housing in the amount of \$38,864.22 paid from the City's Affordable Housing Amenity Reserve Fund; and

THAT Council direct the Director of Development Services to execute a Section 219 Covenant, as set out in Attachment 2; and

THAT the Covenant be registered on Title prior to insurance of building permits for the purpose-built affordable housing subject to this Development Cost Charge reduction.

2. THAT Council deny L'Arche Comox Valley's request for Development Cost Charge reduction for the property located at 1560 Grieve Avenue, legally described as Lot 14, Section 41, Comox District, Plan 9456.
3. THAT Council provide alternative direction to staff.

ATTACHMENTS:

1. Letter of Request, prepared by L'Arche Comox Valley, dated May 25, 2025.
2. Draft Section 219 Covenant Restricting Use

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