



The Corporation of the City of Courtenay

# Briefing Note

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**To:** Council

**File No.:**

**From:** Director of Development Services

**Date:** December 18, 2024

**Subject:** Development Cost Charge and Amenity Cost Charge Bylaw Update

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## **PURPOSE:**

To inform Council on the update of the Development Cost Charges (DCC) Bylaw project and outline the process of establishing new DCC rates and discuss the process of establishing Amenity Cost Charges Bylaw (ACC) rates and seek guidance on Council's approach to financing growth.

## **BACKGROUND:**

In Council's strategic priorities 2023-2026, the update to the existing DCC Bylaw was identified for 2023 and 2024. Initial review was started in 2022 and paused when the population growth projection was identified in 2023 to be larger and faster than the Official Community Plan (OCP) had identified. The last major update to the existing DCC Bylaw was in 2005 with a minor update in 2016. An amended in 2022 to clarify DCCs for infill lots that previously had a residential unit in place prior to the development of additional units.

With the adoption of Bill 44 in late 2023, 61% of the City's properties were pre-zoned to permit up to 4 dwelling units which significant for City infrastructure. In addition, the Housing Needs Assessment 2024 report projects a 42% increase in population by 2041, further emphasizes the need to have a financial plan to manage growth.

The provincial government created a land use planning framework to assist Municipalities to understand the impact of the legislative changes on their existing community and provided an opportunity for cities to apply to the Complete Communities Assessment grant in 2023. The City received these funds in 2023 and has such completed this assessment which has been utilized in the review of DCC projects and the growth needs to meet the 20-year population projection.

Bill 46 provided a new financial tool to support growth to accommodate Housing Needs Assessment and requirement for the OCP to be updated to meet 20-year land requirement to support Housing Needs assessments targets called Amenity Cost Charge Bylaw (ACC). In addition, the provincial government expanded what a DCC could fund to include; Highway improvements under provincial jurisdiction, fire protection facilities, solid waste and recycling facilities and police facilities. These changes impacted the development of DCC project lists and the need to identify ACC projects that are growth related to the 20-year growth projection for the City.

The Local Government Act lays out the process for establishing DCC projects and rates, which include establishing growth projections, determine capital costs and timing of infrastructure to support growth, identify the extent to which each capital project benefits growth (Benefit Allocation), Council determines how much the city will assist development (Municipal Assist Factor) and then the DCC rate is calculated to determine the rate.

Once the rate is established by Council, the Local Government Act requires consultation with the development industry and the public. This input is brought back to Council to consider during the bylaw

adoption process. Between third and fourth reading of the bylaw, it is reviewed and approved through the Provincial Inspector of Municipalities. For an ACC Bylaw the approval by the Inspector is not required between third and fourth reading of the bylaw.

Urban systems have been retained to work with staff to review the existing DCC project list, utilize GIS data from the Complete Communities Assessment report to inform where growth will occur in the City and what DCC projects are required to support this growth. Staff have been meeting since June 2023 to review the current DCC project list, revise the DCC list, discuss the benefit allocation for each project and a municipal assist factor to development new DCC rates for Council’s consideration.

Staff have broken this work into two phases given the complexity of the development of the new DCC rates and establishing ACC rates. Phase 1 being presented to Council today, is the method of establishing DCC and ACC rates. Phase 2 will be taking the discussion from today to finalize the draft DCC and ACC rates for Council to Consider in Q1 2025, once endorsed by Council staff will initiate the consultation with the development industry and public.

**DISCUSSION:**

Staff have prepared a presentation to outline the process of determining DCC and ACC rates as noted below in Figure 1 DCC Rate Process and Figure 2 ACC Rate Process. The presentation will talk to the method used as prescribed by legislation and where Council has the ability to establish policy regarding the allocation of growth costs between the city and the developer. The objective of this presentation and discussion is to have alignment on growth should be allocated between the city and developer, in particular the municipal assist factor which will guide the establishment of rates to be brought back in Phase 2 for Council’s consideration.

Figure 1 DCC Rate process

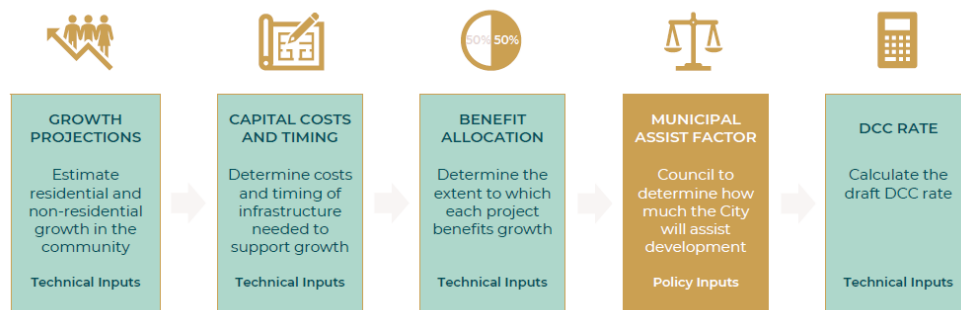
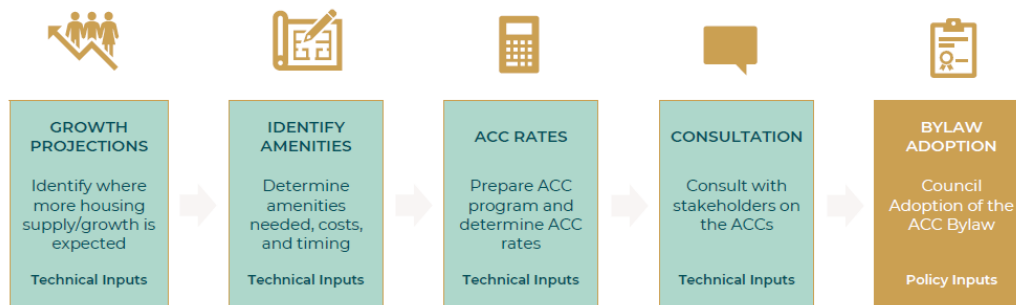


Figure 2 ACC Rate Process



**POLICY ANALYSIS:**

Local Government Act (LGA) outlines the process to establish DCC and ACC rates. Best practices are to review these rates on a regular cycle and update every five years. The CPI inflationary bylaw can be used annual for 4 years. Establishing the cycle for CPI rate increases and update is important in financial planning. DCC and ACC projects need to inform capital projects to support growth as outlined in the OCP.

**FINANCIAL IMPLICATIONS:**

The updated DCC rates will assist in collecting funds for DCC capital projects, assist in informing other development tools like front ending a DCC project by a developer or developers to build capital projects prior to when they are scheduled in the financial plan in order to construct infrastructure in deficient areas of the City. The five-year Financial Plan contains Capital projects funded by DCC rates.

The 2024 and 2025 financial plan have funds allocated to the DCC/ACC Bylaw Update for Urban Systems contract and future work.

**ADMINISTRATIVE IMPLICATIONS:**

The process for developing rates for DCC and ACC is an interdepartmental collaboration and requires significant time from each department which may not be in their work plan.

**STRATEGIC PRIORITIES REFERENCE:**

This initiative addresses the following strategic priorities:

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

**PUBLIC ENGAGEMENT**

Staff will follow the legislative requirements and will bring this forward with Phase 2 of the project.

**RECOMMENDATION:** THAT Council receive the “Development Cost Charge Bylaw and Amenity Cost Charge Bylaw Update” .

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