



City of
Courtenay

Development Cost Charge (DCC) Project: Bylaw Readings 1-3

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Agenda

- Purpose & Outcomes
- DCC Proposed Rates
- DCC Implementation
 - Engagement
 - Financial Feasibility / Economic Analysis
- Next Steps
- Council Recommendation
- Questions / Discussion

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.

PRESENTATION PURPOSE

For Council to consider the proposed Development Cost Charge (DCC) rates and direct the DCC Bylaw for first, second, and third readings.

OUTCOMES

- Present rate for Council's consideration
- Receive Council direction (per recommendations) and ensure alignment on next steps

DCC Bylaw Update Process

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 Bylaw

COUNCIL INPUT

Provincial Approval of DCC Program

Adopt DCC Bylaw

COUNCIL INPUT

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

Proposed DCC Rates

Proposed DCC Rates

Land Use	Unit of Charge	Proposed DCC Rates (1% MAF)
Low Density Residential	per Lot / Dwelling Unit	\$21,832
Medium Density Residential	per Unit	\$12,278
High Density Residential	per m ² Gross Floor Area (GFA)	\$141.09
Commercial	per m ² GFA	\$91.32
Institutional	per m ² GFA	\$73.31
Industrial	per m ² GFA	\$17.10

DCC Capital Costs

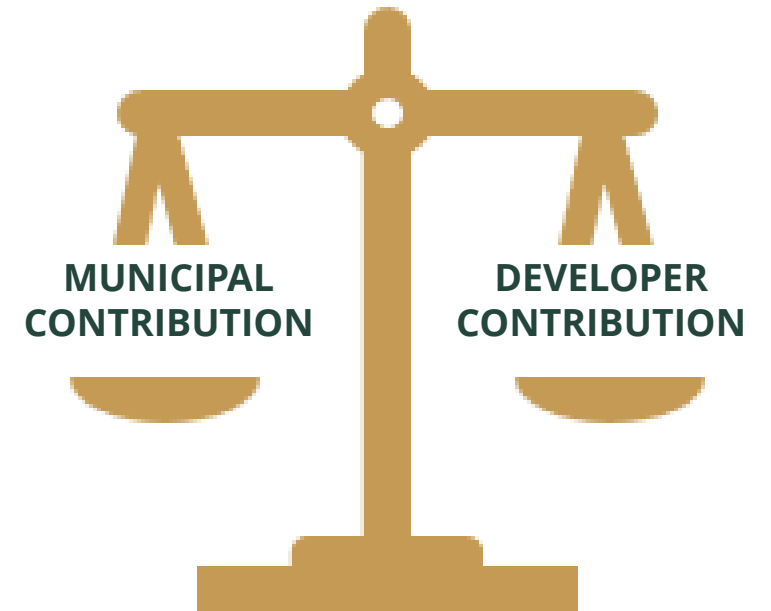
Service	Total Capital Costs (\$M)	Benefit Allocation	Municipal Assist Factor	DCC Recoverable (\$M)	Municipal Costs (\$M)
Transportation	\$75	42-100%	1%	\$31	\$43
Water	\$5	42-100%	1%	\$3	\$2
Drainage	\$19	25-100%	1%	\$9	\$10
Sewer	\$26	50-100%	1%	\$22	\$4
Parks	\$51	25-100%	1%	\$35	\$16
Fire	\$25	42%	1%	\$10	\$15
Total	\$201M			\$111M	\$90M

DCC Implementation

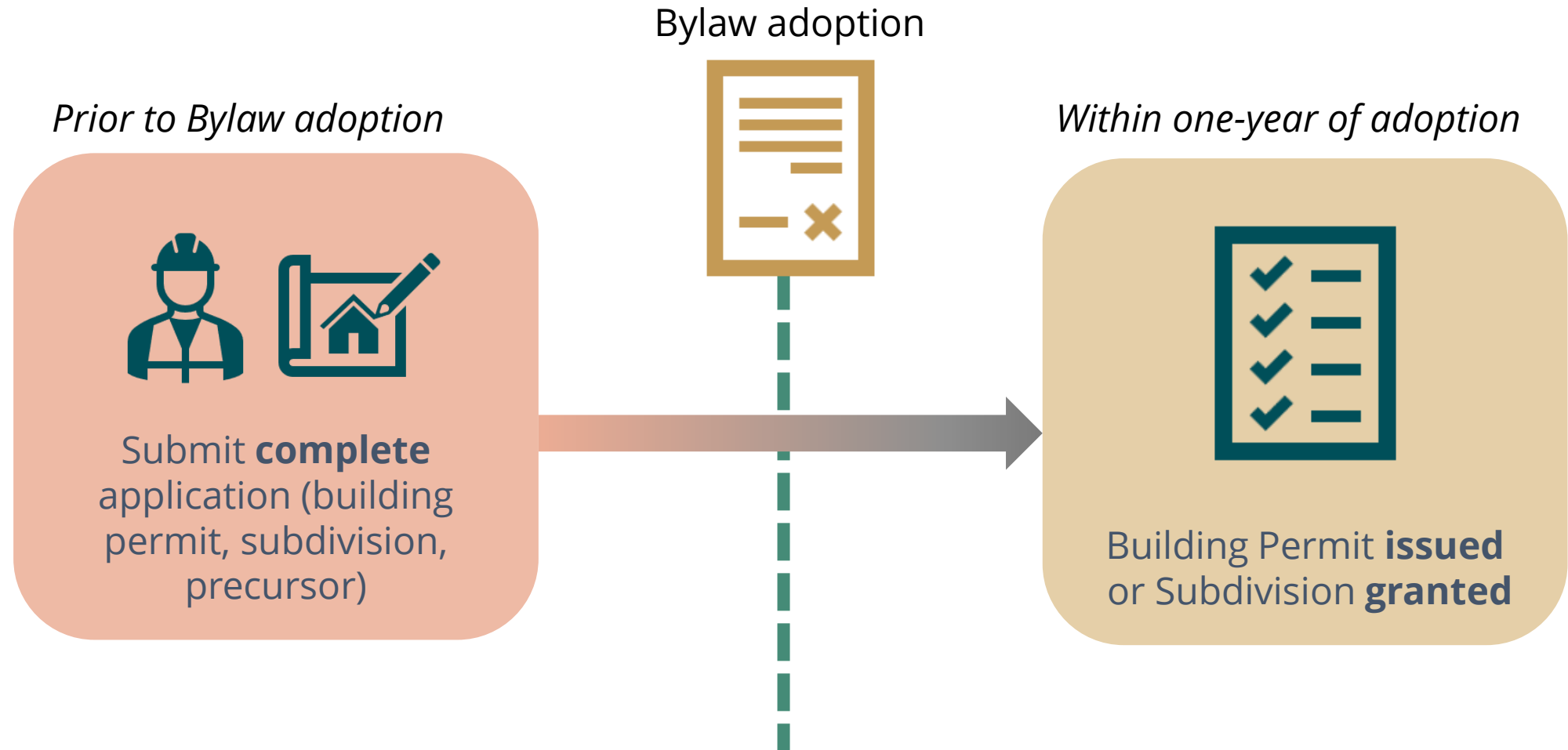
Municipal Assist Factor

- 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 can be set by **project list** (e.g., transportation, sewer, parks); not by land use type

The assist factor is Council's tool to adjust rates.

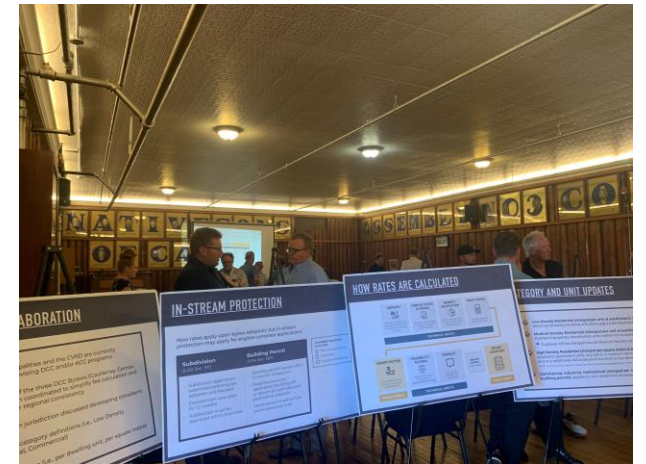


Instream Protection



Engagement

- Per the DCC Best Practices Guide, consultation with interested parties is strongly recommended as part of program development or updates
- The City's DCC rates were presented at the July 2025 joint engagement session (with Cumberland, Comox, and the CVRD)
 - ~53 attendees at the session, which consisted of a general presentation followed by the opportunity to walk around the space and interact with each project team
- Supporting information was also made available on the City website and shared on social media
- Key topics of discussion included:
 - Inquiries about how the DCC program differentiates between aging infrastructure and growth-driven upgrades;
 - Concern about different engineering standards across Comox Valley communities and the impact of these standards on project costs;
 - Concern about higher rates and impact on development viability.



Economic Analysis

- Per the *LGA*, DCCs must not deter development or discourage reasonably priced housing or land development
 - Legislation does not establish the type of analysis required; the DCC Best Practices Guide provides direction on how analysis can be completed (e.g., based on magnitude of proposed changes, market conditions)
- Financial testing related to DCC/ACC implementation was completed in Fall 2025 by City Squared and included pro formas of several development case studies using the proposed DCC and ACC rates
- The final report recommends that the cost charges not increase from the rates proposed and that the City consider minimum base densities to ensure development remains viable in the current economic market



Payment by Instalments – NEW! EFFECTIVE JANUARY 1, 2026

- Updated regulations provide greater flexibility for payment of DCCs and ACCs by instalment
- Applies to DCCs and ACCs over \$50,000
- Qualified developers and homebuilders will be able to:
 - Use on-demand surety bonds province-wide
 - Pay 25% of DCC and ACC charges at permit approval and pay the remaining 75% at the earlier of occupancy or 4 years

Next Steps

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Next Steps

- Present draft Bylaw to Council for three readings (today!)
- Submit program materials to Ministry for approval (~6-12 week turnaround)
- Prepare DCC and ACC Internal Implementation Guide
- Return Bylaw to Council for fourth reading and adoption

Recommendations

Recommendations:

1. THAT Council give first, second and third readings to “Development Cost Charge Bylaw No. 3191, 2025; and,
2. THAT staff submit the “Development Cost Charge Bylaw No. 3191, 2025” to the Inspector of Municipalities for approval.

Alternative Recommendation:

1. THAT Council defer consideration of first, second and third readings of the “Development Cost Charge Bylaw No. 3191, 2025”, and provide alternative direction to staff.