



The Corporation of the City of Courtenay

# Staff Report

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**To:** Council

**File No.:** 3150-00

**From:** Acting Director of Development Services

**Date:** December 10, 2025

**Subject:** Development Cost Charges Bylaw No. 3191, 2025

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## **PURPOSE:**

To seek Council's consideration of first, second, and third readings of the proposed "Development Cost Charges Bylaw No. 3191, 2025", and to request approval to submit the bylaw to the Inspector of Municipalities.

## **EXECUTIVE SUMMARY:**

The proposed Development Cost Charge (DCC) program and rates were outlined in a report for Council's consideration on June 25, 2025 (attached). That report outlined the need for an update, presented a draft bylaw with preliminary rates, and received Council's endorsement to proceed with consultation with the development community and the public. Upon consideration of the report and after discussion, Council provided the following direction:

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

After Council's endorsement, the proposed rates were presented at a regional development industry engagement session and a public open house on July 21, 2025. The City also developed a project webpage and shared several social media posts to inform the community about the DCC update and opportunities to provide feedback.

Following the consultation, staff refined the draft DCC Background Report and the "Development Cost Charge Bylaw No. 3191, 2025" for Council's consideration of three readings and referral to the Province for review and approval.

## **BACKGROUND:**

The current "City of Courtenay Development Cost Charges Bylaw No. 2840" was adopted in May 2016, replacing "Development Cost Charges Bylaw No. 2426" (2005) and reflected the impact of boundary extensions. Inflationary cost increase bylaws were adopted to amend Bylaw No. 2840 on December 6, 2023, and Bylaw No. 3164 on December 18, 2024, which established the current DCC Rates. Significant growth and rising construction costs now require a full program update to ensure DCCs reflect current conditions and anticipated growth through 2045.

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.

At the December 18, 2024, Council meeting, Council received a briefing note, “Development Cost Charge and Amenity Cost Charge Bylaw Update” (attached) which outlined the technical progress required to establishing DCC projects and rates, including:

- 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.

#### **DISCUSSION:**

Following the December 18, 2024 meeting, and as directed by Council at the June 25, 2025 Council meeting, staff utilized a 1% municipal assist factor and reviewed the projected growth for the next twenty years to revise the DCC project list. The revisions reflect growth impacts, affordability considerations, and the City’s financial capacity to fund the municipal portion of the program while prioritizing growth-related projects.

Between January and June of 2025, staff further redefined the project list to ensure that the proposed charges will not deter development. As a result of this work, the proposed DCC fees were reduced from over \$35,000 to under \$22,000 for a single residential dwelling unit. Further information regarding the inputs used for the development of the DCC program and rates is included in the Draft DCC Background Report (Attachment 1) appended to this report. The Draft DCC Background Report will accompany the DCC Bylaw submission to the Inspector of Municipalities as part of the approval process.

#### **Regional Collaboration**

All three municipalities in the region and the Comox Valley Regional District (CVRD) are currently developing or revising DCC and/or Amenity Cost Charge (ACC) programs. Staff from each jurisdiction collaborated to develop a regional bylaw template with consistent land use definitions (i.e. Low Density Residential, Commercial, etc.) and units of charge (i.e. per unit or per square metre). This regional alignment promotes consistency for developers operating across jurisdictions and reduces administrative complexity. It will also simplify the DCC calculations for staff and the development industry across all jurisdictions and reduce the risk of miscalculation by varying definitions and approaches between jurisdictions. The City’s “Development Cost Charge Bylaw No. 3191, 2025” (Attachment 2) adopts the regional template to ensure a standardized approach across the Comox Valley.

#### **Low Density Land Use Category**

In the City of Courtenay, most Low Density Residential units are permitted to have secondary suites in accordance with the City’s Zoning Bylaw. To streamline administration and reflect the additional impact of

suites and detached Accessory Dwelling Units (ADUs) on infrastructure, the proposed low density residential rate assumes that a portion of new homes will include these secondary suites and detached accessory dwelling units. Where a Low Density Residential charge has been paid on a lot, the charge shall include the “Dwelling, One-Unit”, and one or both of the following a “secondary suite”, and/or “Detached Accessory Dwelling Unit.

### **Municipal Assist Factor**

The municipal assist factor provides Council discretion to determine a level of municipal assistance towards the cost of DCC for new development. The municipal assist factor is intended to reflect the community’s willingness to share in financing the infrastructure required to serve new development and growth. Most municipalities apply a 1% assist factor because their programs focus only on the portion of infrastructure costs directly attributable to new development, and many municipalities don't have the financial capacity to further subsidize the DCC program.

As previously directed by Council, the draft “Development Cost Charge Bylaw No. 3191, 2025” has been prepared with a 1% assist factor for all DCC programs.

### **In-Stream Protection**

When a new DCC Bylaw is adopted, existing development application submitted prior to the adoption of the new Bylaw, are granted 12-month in-stream protection. Under the *Local Government Act*, “in-stream” refers to applications already in progress – those formally received, deemed complete, and therefore have been accepted by the City prior to the adoption of a new DCC bylaw. These applications are temporarily protected from any increase in DCC rates introduced through the new bylaw. This protection applies to:

- Subdivision and building permit applications submitted before the new bylaw is adopted;
- Complete rezoning and development permit applications submitted before adoption, provided they lead to issuance of a building permit within 12 months of the new bylaw coming into effect.

Applications meeting these criteria remain subject to the DCC rates in place at the time of submission, rather than the updated rates in the new bylaw.

### **DCC Payment by Installments**

The Province has recently approved amendments through Ministerial Order No. M197/2025, effective January 1, 2026, that extend the allowable payment period. Under the revised regulation, a developer who chooses to pay by instalments must:

- Pay 25 percent of the charge on the index date (typically at building permit issuance); and
- Pay the remaining balance by the earlier of:
  - four years after the index date, or
  - 15 business days after all required occupancy permits have been issued and the City has provided written notice confirming that all permit conditions have been satisfied.

These changes also permit the use of surety bonds or other approved financial instruments to secure deferred payments. This updated structure provides greater flexibility for developers while maintaining financial safeguards for the City.

## Public Engagement

The *Local Government Act* (LGA) does not require public consultation on Development Cost Charge (DCC) bylaws; however, it recommends engagement as a best practice. The Inspector of Municipalities also considers the extent and quality of consultation when reviewing a bylaw for approval. Engaging with interested parties promotes transparency, trust, and fairness in the development of DCC programs.

Recognizing that interested parties often work across municipal jurisdictions within the Comox Valley, a joint engagement session provided an efficient means to provide information and collect input regarding the proposed updates. This consultation session for industry contributors was held in-person at the Native Sons Hall in Courtenay, on July 21, 2025, from 12:00 pm to 2:00 pm. Prior to the event, each local government sent email invitations to members of the development community and other interested parties. Approximately 53 attendees were at the session, along with 12 staff and consultants. The session consisted of a general presentation, followed by the opportunity to walk around the space and engage directly with each local government and regional district on their proposed programs.

Feedback specific to the City's proposed DCCs is summarized in the Information Session Feedback document (attached) and included the following themes:

- Questions about the in-stream protection timeframe and development review timelines;
- Inquiries about the rationale behind the program timeframe (20 years);
- Concern about different engineering standards across Comox Valley communities and the impact of these standards on project costs;
- Questions about the allocation of benefit to new development;
- Request for clarification on how the DCC program differentiates between aging infrastructure and growth-driven upgrades; and,
- Concern about higher rates and impact on development viability and the potential to phase in rates.

After the development industry session, a second general public engagement session was held as an open house at the same venue later that day. The City promoted the public engagement opportunity via social media, and provided detailed information (including Council reports and related materials) on the proposed DCC update online via the City's Social Pinpoint platform (Engage Comox Valley). No members of the public attended. Although staff cannot definitively confirm why there were no attendees to the second engagement opportunity, staff are of the belief that it may be due to the challenge of connecting the cost implications of DCCs on development on Courtenay residents generally.

In addition to in person communication and engagement opportunities, to inform the community about the project and to solicit input, the City issued social media updates and advised of a written input submission deadline of August 26<sup>th</sup>. The City received five written submissions (see Engagement Responses – attached), which included the following perspectives:

- Questions as to incorporation of new legislation related to timing of DCC payments and acceptance of surety bonding,
- Concerns to the scale of the increase especially sewer and parks,

- Requests for clarification on why the Arden Multi-use path was not included in the DCC program,
- Questions about the population projections and commercial and industrial floor area projections.

### **DCC Rate Revisions**

Following engagement, the proposed Development Cost Charge (DCC) rates have been refined to reflect an increase in any known project costs, increased grant amounts and updated commercial and industrial growth projections. These adjustments were made to more accurately align the program with anticipated development trends. The increased grant funding reduced overall DCC requirements, while the downward revision of commercial and industrial growth projections slightly increased the corresponding DCC rates. The net effect is a modest rate change: approximately \$500 higher for Low Density Residential, \$300 higher for Medium Density Residential, and \$3.29 per square metre higher for High Density Residential.

The proposed DCC rates are outlined in Schedule A of the Development Cost Charges Bylaw No. 3191, 2025 (attached) and presented in Table 1 in this report (see page 6). Table 2 (see page 6) compares the proposed City of Courtenay DCC rates with those proposed by the Comox Valley Regional District (CVRD). The City collects DCC payments on behalf of the CVRD at the time of development.



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**Table 1: 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	\$3,861.00	\$537.00	\$1,260.00	\$4,942.00	\$8,644.00	\$2,588.00	<b>\$21,832.00</b>
Medium Density Residential	dwelling unit	\$2,169.00	\$292.00	\$1,008.00	\$2,692.00	\$4,708.00	\$1,409.00	<b>\$12,278.00</b>
High Density Residential	m <sup>2</sup> gross floor area	\$28.94	\$3.44	\$5.09	\$31.66	\$55.38	\$16.58	<b>\$141.09</b>
Commercial	m <sup>2</sup> gross floor area	\$50.83	\$1.12	\$5.67	\$10.30	\$18.01	\$5.39	<b>\$91.32</b>
Institutional	m <sup>2</sup> gross floor area	\$50.83	\$1.12	\$5.67	\$10.30	\$0.00	\$5.39	<b>\$73.31</b>
Industrial	m <sup>2</sup> gross floor area	\$4.15	\$0.72	\$2.14	\$6.62	\$0.00	\$3.47	<b>\$17.10</b>

**Table 2: Proposed City (2025) and CVRD (2025) Rates**

Land Use	COURTENAY Proposed DCC Rates	REGIONAL Proposed DCC Rates	COMBINED COURTENAY & REGIONAL Rates	Unit of Charge
<b>Low Density Residential</b>	\$21,832	\$18,092	\$39,924	Per Dwelling Unit/Lot
<b>Medium Density Residential</b>	\$12,278	\$9,854	\$22,132	Per Dwelling Unit
<b>High Density Residential</b>	\$141.09	\$88.82	\$229.91	Per square metre of GFA*
<b>Commercial</b>	\$91.32	\$37.70	\$129.02	Per square metre of GFA
<b>Institutional</b>	\$73.31	\$37.70	\$111.01	Per square metre of GFA
<b>Industrial</b>	\$17.10	\$24.23	\$41.33	Per square metre of GFA

\*GFA = Gross Floor Area



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## Next steps

- Following third reading, the “Development Cost Charge Bylaw No. 3191, 2025” and the accompanying DCC Background Report will be submitted to the Inspector of Municipalities for review and approval.
- Once approved by the Province and adopted by Council, the bylaw will come into effect. Staff will then implement the administrative processes required to support the new bylaw and ensure compliance.

## FINANCIAL IMPLICATIONS:

Approval of the “Development Cost Charge (DCC) Bylaw No. 3191, 2025” will enable the City to begin collecting updated DCCs on new subdivision and building permit applications. A 12-month in-stream protection period will apply to qualifying applications submitted prior to adoption. The total revenue anticipated is subject to actual growth and density of developments.

DCC revenues provide a dedicated source of funding for growth-related infrastructure and facilities. Implementation of the programs as soon as possible to new development will contribute to infrastructure costs, reducing the financial burden on current ratepayers. Establishing DCC programs will assist in financial planning for infrastructure and facilities related to growth. Any money collected is kept in reserve until projects are advanced for approval. The use of DCC funds is restricted, limited to only funding the growth-related costs of projects that are identified in the program.

Based on the projected growth rates and a 1% municipal assist, the DCC program is expected to generate up to \$111 million over the 20-year program from development activity, offsetting the projected \$201 million in capital costs. The resulting municipal responsibility is a contribution of \$90 million over the 20-year program equaling an annual responsibility of \$4.5 million. Should Council elect to raise the assist factor above 1% in any of the six DCC programs, the industry responsibility would decrease resulting in a proportionate increase in costs to the municipality and its taxpayers.

Cyclical reviews of the programs are necessary and provide an opportunity to report back on the efficacy of the program. The DCC program should be reviewed when master plans are completed and revised every 3-5 years.

## ADMINISTRATIVE IMPLICATIONS:

The Province’s recent amendment to the *Development Cost Charge and Amenity Cost Charge (Installments) Regulation* (Ministerial Order No. 197/2025) expands the use of on-demand surety bonds provincewide. Under the new framework, pre-approved developers may defer up to 75% of DCC payments until either occupancy or four years following permit approval, whichever occurs first.

This change, effective as of January 1, 2026, is expected to create a short-term cash flow impact on the City’s DCC revenue, as the timing of collections will shift further from the issuance of subdivision or

building permits. While total DCC recovery is not expected to decline, the delayed inflow may affect the City's ability to fund growth-related infrastructure projects in the early years of the program.

To mitigate this impact, staff will:

- Monitor DCC collections and forecast cash flow annually to assess timing impacts.
- Coordinate with the Finance Department to align capital project scheduling with available DCC reserves.
- Evaluate the use of on-demand surety bonds only with developers who meet pre-qualification and financial performance criteria.
- Review and update internal procedures, bylaw language, and financial controls to ensure consistency with the new provincial regulation before January 1, 2026.

In addition, the new surety bond option will increase administrative workload for Finance and Development Service. Staff will need to establish new tracking systems for deferred payments, monitor bond expiries, and ensure compliance with approval and release processes. These requirements will need to be integrated into 2026 work plans and considered as part of future staffing and process improvement discussions.

**STRATEGIC PRIORITIES REFERENCE:**

This initiative addresses the following strategic priorities:

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

**OPTIONS:**

1. THAT Council give first, second and third readings to "Development Cost Charges Bylaw No. 3191, 2025"; and,

THAT staff submit the "Development Cost Charges Bylaw No. 3191, 2025" to the Inspector of Municipalities for approval.

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

**ATTACHMENTS:**

1. December 18, 2024 Briefing Note, "Development Cost Charge and Amenity Cost Charge Bylaw Update"
2. June 25, 2025 Staff Report "Development Cost Charge Proposed Rates"
3. Draft DCC Background Report
4. Development Cost Charge Bylaw No. 3191, 2025
5. Information Session Feedback
6. Engagement Responses

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