



The Corporation of the City of Courtenay

Staff Report

To: Council

File No.: 5040-20

From: Acting Director of Development Services

Date: March 11, 2026

Subject: DCCs and ACCs Implementation and Zoning Bylaw Phase 1 Update

PURPOSE: To seek Council approval on timely actions critical to support ongoing development processes, including:

- Updating Council on the need to defer consideration of Zoning Bylaw (Phase 1 from March 11th to March 25th) to meet notice requirements; and,
 - To request Council hold a Special Meeting on March 27th to mitigate the impacts of the delay.
- To request Council approval to defer consideration of Final Adoption of the Development Cost Charge (DCC) and Amenity Cost Charge (ACC) bylaws to April 29th, to permit staff to complete the necessary readiness steps to ensure smooth implementation.

BACKGROUND:

The City of Courtenay is currently undertaking significant bylaw updates to ensure compliance with provincial legislation and improve municipal development frameworks. Despite staff turnover and the significant obligations required to update these regulatory tools, the City has maintained momentum on critical files. On February 25th, Council gave first and second reading to the updated Official Community Plan (OCP), achieved 3rd reading of the ACC Bylaw, and confirmed the scope for the final phase of the Downtown Vitalization Local Area Plan (DVLAP). While some timelines have seen marginal adjustments, these recent approvals confirm that major strategic work is proceeding as planned.

In addition to policy advancements, the department is tackling operational improvements through the newly launched Tempest and Development Process Optimization project. This review encompasses up to 60 unique workflows within the permitting and application system. Prioritization for this work will be driven by Council direction and operational needs, with significant weight given to feedback from the development community. By addressing industry-identified barriers and enhancing process efficiency, the City seeks to foster a development environment that is mutually beneficial, accelerating the delivery of housing and helping the City meet its long-term strategic goals. An RFQ seeking qualified firms to undertake this work has concluded and the City is proceeding with the issuance of the RFP to the shortlisted firms. This work is expected to commence in Q2 2026. A future Council report will provide additional details on the Tempest and Development Optimization project and will explain how it integrates with and is informed by Phase 2 of the Zoning Bylaw update.

Zoning Bylaw Update

The City is undertaking a two-phase update to Zoning Bylaw 2500, 2007 to ensure conformance with provincial legislation and to improve interpretation and implementation of the bylaw. This work follows changes introduced by the Housing and Municipal Affairs Statutes Amendment Act, 2025 (Bill 25), which requires municipalities to incorporate new provisions for small-scale multi-unit housing, secondary suites, and accessory dwelling units. The City has engaged Stantec Consulting Ltd. to lead this modernization in two phases. Phase 1 is currently focused on housekeeping amendments necessitated by provincial legislation. Phase 2 will tackle more complex revisions, aiming to align the bylaw with the updated Official Community

Plan (OCP) and create a flexible framework for growth. A key component of Phase 2 is planned engagement with the development community to identify and address specific barriers to development. By integrating these industry insights, the City aims to deliver a Zoning Bylaw that effectively balances the needs of the municipality, the development sector, and the broader community.

The Phase 1 scope covers immediate priorities to ensure housing policy sufficiency and enabled residential capacity to meet the 20-year needs identified in the Housing Needs Report, as required by the Local Government Act under Bill 44 (2024). Notable objectives include ensuring all low and medium-density residential zones allow a secondary suite and an attached or detached dwelling unit where appropriate, clarifying definitions and numbering, streamlining parking references (short and long-term), and adding practical facilities such as bicycle repair and wash stations for larger multi-unit developments. The Phase 1 work also involves targeted corrections to the Comprehensive Development One Zone (CD-1 – Crown Isle) to reflect past development, include the Lannan subdivision, and align with proposed changes in the OCP, including a map update.

Development Cost Charge and Amenity Cost Charge Bylaws

Concurrently, the City has been developing new Development Cost Charge (DCC) and Amenity Cost Charge (ACC) bylaws to modernize the municipal cost recovery framework for growth-driven infrastructure and amenities. Following approval by the Inspector of Municipalities on February 24th, these bylaws are ready to return to Council for Final Adoption. However, implementation readiness is constrained by significant capacity challenges within Development Services due to critical staff vacancies and ongoing development of implementation guides and internal processes required to calculate and collect the new charges.

The transition to new cost structures has generated activity from the development community seeking in-stream protection under existing cost frameworks. Eligibility for this protection depends on the timing of receipt of complete applications, creating urgency around application completeness determinations. With limited staff capacity and underdeveloped internal processes, there is insufficient bandwidth to properly review submitted applications to determine qualification for in-stream protection, creating risks of misclassification and disputes.

DISCUSSION:

Timeline Update: Zoning Bylaw Phase 1 Readings (March 11th to March 25th)

Due to an inability to provide the statutory notice for Phase 1 Zoning Bylaw 2500, 2007 in a manner that complies with legislative requirements prior to March 11th, the Council readings (1st, 2nd, and 3rd) have been deferred. The bylaw will now be eligible for consideration at the March 25th Council meeting, with readings scheduled at that time, subject to final approvals and notice requirements being satisfied.

Rationale for the Delay

- **Statutory Notice Compliance:** *The Local Government Act* and related regulations require a formal and timely notice process to be completed prior to consideration of bylaw readings. Staffing transitions and vacancies prevented the notice period from being executed in time for the March 11th Council meeting, creating a risk of non-compliance if readings were pursued as originally planned.
- **Compliance Integrity:** Aligning with statutory timelines ensures due process, transparency, and adherence to statutory requirements, preserving the legality and defensibility of any Council decision.

Impact Considerations – Mitigating Impact

The City is actively taking steps to build trust with those in the development industry and recognizes that a change in timeline at this late stage is impactful if not mitigated. Given that the delay arises from internal organizational challenges, it is essential to address potential harm to interest holders and minimize disruption. To that end, concrete mitigation measures are proposed, including a request to Council to convene a Special Meeting on March 27th to consider final adoption of the Zoning Bylaw (Phase 1). This action will shorten the delay from what could be a two-week deferral to a two-day adjustment, significantly reducing timing impacts on critical development deadlines tied to current applications and the broader project pipeline.

By pursuing a March 27th Special Meeting, we aim to preserve project momentum and provide confidence to the development community that reasonable timelines will be upheld. This approach helps maintain alignment with in-stream applications and anticipated regulatory milestones. It also demonstrates the City's commitment to transparent, proactive communications and responsive governance, which is essential to sustaining trust and collaboration with the development sector while we address the underlying organizational capacity constraints.

DCC and ACC Bylaw Timeline:

The City was notified on February 24th that the Inspector of Municipalities has approved the Development Cost Charge (DCC) Bylaw, which means the DCC and ACC Bylaws are ready to return to Council for Final Adoption at the March 25th Council meeting. However, readiness for implementation is constrained by significant capacity challenges due to critical staff vacancies, and the fact that the implementation guide for the DCC/ACC, and the internal processes required to calculate and collect the new charges, are still in development. To avoid risk of mischarges and to ensure accurate application of the charges, it is recommended that Final Adoption of the DCC and ACC bylaws be delayed until the Implementation Guide is complete and internal processes are fully developed and validated. Staff are confident all readiness work will be completed in support of an April 29th Final Adoption date.

Reviewing Applications – Completeness Criteria:

Compounding these readiness issues is the development community's activity aimed at securing in-stream protection by having applications treated under the old cost structure. The eligibility criteria hinge on the timing of receipt of a complete application, and with vacancies limiting staff capacity, there is insufficient time to provide the appropriate level of service required for thorough completeness determinations of currently submitted or anticipated applications to determine which ones qualify for in-stream protection. This creates a risk of misclassification and disputes if adoption proceeds without clear, tested processes and a documented plan for handling in-stream applications and the transition to the new charges.

Impact Considerations – Mitigating Impact

To ensure a fully prepared implementation framework and timely review of applications, it is recommended that Final Adoption of the DCC and ACC Bylaws be deferred until April 29th to allow time for the Implementation Guide to be completed and the operational processes necessary to implement the new charge program to be finalized. This deferral will also provide an opportunity to review the already submitted applications for completeness and to work with applicants on outstanding items to ensure completeness ahead of the final adoption considerations.

- ***Staff Approach to Application Completeness Review***

Staff recognizes that determining application "completeness" extends beyond a simple checklist verification of submitted materials. Completeness fundamentally requires that submissions

demonstrate appropriate professional rigor and contain sufficient detail to fulfill the substantive intent behind each requirement, ensuring applications can be meaningfully reviewed for their intended regulatory and policy purposes.

- ***Balancing Standards with Transition Considerations***

Given the significant financial implications tied to the completeness determination deadline, staff will apply a measured approach that balances maintaining appropriate professional standards with recognition of the transitional nature of this period. Where minor deficiencies are identified that do not fundamentally compromise submission requirements, staff will work collaboratively with applicants to address these items within reasonable timelines, preventing technical omissions from overshadowing otherwise substantive applications.

- ***Transparent Process and Documentation***

To support ongoing trust-building with the development community, staff will provide clear communication regarding any completeness concerns and give applicants specific guidance on outstanding items where remedies align with bylaw requirements and Council's policy objectives. All completeness determinations will be thoroughly documented to ensure consistency across reviews and provide a foundation for addressing potential disputes during the transition period.

To ensure transparency and maintain open dialogue, staff contacted the development industry via correspondence on Monday, March 2nd. This communication outlined the timeline adjustments and mitigation approaches described in this report. The notice was designed to build confidence in the City's rigorous planning process and reaffirmed the department's commitment to minimizing impacts. This proactive step aims to ensure that the implementation of these changes is smooth, considerate, and predictable for our industry partners.

The requested deferral to April 29th for DCC and ACC bylaw adoption will provide staff with the necessary time to:

- Complete implementation guides and internal operational processes.
- Conduct thorough application completeness reviews with appropriate service levels.
- Finalize documentation and validation procedures to ensure accurate charge calculations and collections.
- Work collaboratively with applicants on outstanding items to achieve completeness where possible.

This coordinated approach ensures that both the zoning bylaw updates and the DCC/ACC implementation proceed with appropriate due diligence while minimizing disruption to ongoing development activities and maintaining stakeholder confidence in the City's regulatory processes.

POLICY ANALYSIS:

Updates to the Zoning Bylaw are due to legislative changes in land use planning as outlined with the Housing and Municipal Affairs Statutes Amendment Act, 2025 (Bill 25).

Statutory notification requirements prior to Council's consideration of 1st and 2nd reading of the Zoning Bylaw (Phase 1 update) are established by the City of Courtenay Public Notice Bylaw.

FINANCIAL IMPLICATIONS:

Current "in-stream" applications will be processed under the existing cost charge program, not the newly proposed ACC and DCC rates. Since the new rates are higher, applicants whose projects qualify under the

current program will see cost savings. This delay in adopting the new ACC and DCC bylaws is necessary to ensure a smooth transition. The Development Services and Financial Services Departments are using this time to finalize internal processes and review submitted applications for completeness. While some applicants achieve a cost savings by submitting complete applications before the new program is adopted, the primary benefit of this careful approach is to the City. A well-prepared implementation will avoid errors, maintain public trust, and prevent long-term inefficiencies.

ADMINISTRATIVE IMPLICATIONS:

Additional time and rigour are being allocated to ensure the smooth implementation of the DCC and ACC Bylaws. Although this work was planned, the impact of staff vacancies has extended the time needed to review the draft implementation guide and prepare communication and aid materials for the development industry to ensure a smooth transition. This work is part of the 2026 annual workplan for the Development Services and Financial Services Departments, supported by Urban Systems.

STRATEGIC PRIORITIES REFERENCE:

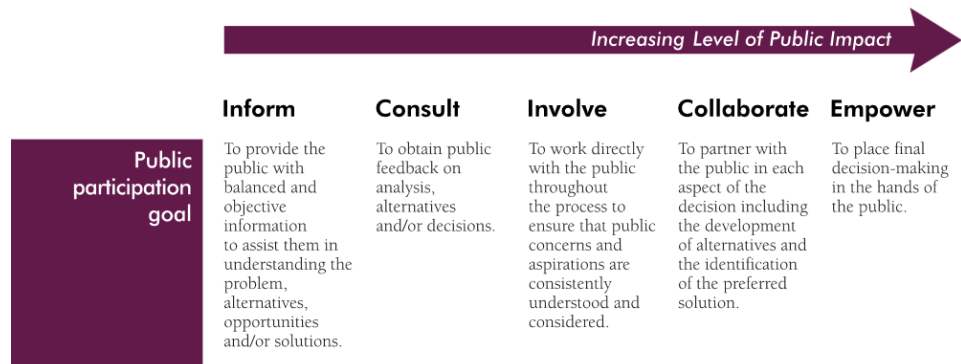
This initiative addresses the following strategic priorities:

- Buildings and Landscape - Update Development Cost Charges (DCC) Bylaw
- Buildings and Landscape - Review and update land use regulations and bylaws for consistency with OCP
- Buildings and Landscape - Support investment and redevelopment in downtown core: Review and evaluate Downtown development incentives e.g. fast tracking/density bonuses/DCC
- Buildings and Landscape - Update Zoning Bylaw - review maximum building heights
- Parks and Recreation - Provision of public amenities through development (requirements for parks, trees, accessible benches, and public art)
- Local Economy - Review City processes that may be barriers to economic development

PUBLIC ENGAGEMENT:

The Zoning Bylaw legislated notifications will inform the public based on the IAP2 Spectrum of Public Participation and in accordance with the City’s Public Notice Bylaw.

The Zoning Bylaw (Phase 2) engagement will Inform the public, involve development industry interest holders, and will consult with the public on significant policy considerations in accordance with the City’s Community Strategy, Engagement Framework, the City of Courtenay Public Notice Bylaw, and the IAP2 spectrum of public participation.



OPTIONS:

1. THAT Council defer consideration of the final adoption of the ACC Bylaw and the DCC Bylaws to the April 29, 2026 Council meeting to permit required implementation readiness activities; and,

THAT, subject 3rd reading approval of Zoning Bylaw No. 3203 by Council at the March 25th, 2026 Council meeting, a Special Council Meeting (to be held virtually) be scheduled for March 27th, 2026 at 3:00 p.m. to consider the final adoption of Zoning Bylaw 3203 (Phase 1).

2. THAT Council provide alternative direction to staff.

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