



COUNCIL REPORT

To: Mayor and Council

Date: March 26, 2024

From: Ron Mattiussi, Interim CAO

File No: N/A

Subject: **Development Cost Charges Bylaw (No.0190) Amendment**

Report Prepared by: James Schafer, Development Engineering Technologist

RECOMMENDATION to Consider and Resolve:

THAT Council give first, second, and third readings to the “City of West Kelowna Development Cost Charges Amendment Bylaw No.0190.02, 2024”

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

BACKGROUND

Development Cost Charges (DCC's) are the primary funding source for increasing the capacity of growth-related infrastructure. DCC's are levied from most new developments to provide funding for growth related infrastructure upgrades.

Development Costs are charged per lot, per dwelling unit, or per square meter of new development for services such as drainage, parks, roads, sewer, and water, established under the City of West Kelowna's Development Cost Charges Bylaw No. 190.01¹. The most recent bylaw was adopted by Council on August 23, 2022.

¹ Attachment #1 – City of West Kelowna Development Cost Charges Bylaw No. 0190

DISCUSSION

Best Practices Guide of BC and Previous DCC Amendment

The Best Practices Guide of BC, prepared by the province, local community, and development community, outlines two levels of DCC amendments – “Minor” and “Major”.

The DCC Best Practices Guide of BC also recommends that “minor amendments to the DCC Bylaws should be made annually to reflect changes in construction costs, land values, and the status of government grants”. The Community Charter includes an exemption regulation (B.C. Reg. 130/2010) which permits local governments to increase DCC annually, without provincial approval as long as the increase does not exceed the annual average Consumer Price Index (CPI) for British Columbia. Council can consider CPI adjustments every year, for up to four years. This allows for modest adjustments in a timely manner without approval by the Inspector of Municipalities.

The City of West Kelowna’s DCC Bylaw was most recently updated with “Major” amendments in 2022 when Council adopted the Development Cost Charges Bylaw No.190.01. The 2022 “Major” DCC amendment included an average increase of 42.6% to DCC rates.

The 2022 West Kelowna DCC report completed by Urban System speaks to the DCC review process, and the importance of annual updates for inflation. The report states that the increase can only cover inflation that has occurred one year prior to the proposed Bylaw Amendment. Without updating annually, the City loses out on capturing any inflationary increases in between Bylaw Amendments.

Annual DCC Inflation Increase

The DCC’s are proposed to increase 3.9% for all land uses based on the British Columbia CPI for 2023. The proposed changes are outlined in the attached Bylaw Amendment².

An Industry Stakeholder Letter³ was provided to the development community including the Urban Development Institute (UDI), Canadian Home Builders’ Association (CHBA) as well as local developers to ensure notification prior to consideration by Council.

Regular DCC adjustments assist in aligning costs with inflation and keep projects funded without shifting costs to taxpayers. In the absence of regular DCC inflationary adjustments, large one-time increases would become necessary.

² Attachment #2 – City of West Kelowna Development Cost Charges Amendment Bylaw No. 0190.02

³ Attachment #3 – Industry Stakeholder Letter

FINANCIAL IMPLICATIONS

The CPI adjustment is required to ensure that capital projects facilitating the community and development occur in a timely manner. If more frequent minor adjustments are not made, it could potentially lead to delays in required infrastructure upgrades and associated developments. These underfunded projects may shift costs to the existing taxpayer and/or create the need for larger one-time cost increases.

LEGISLATIVE REQUIREMENTS

A copy of the DCC amendment needs to be filed as soon as reasonably possible with the Inspector of Municipalities after the Bylaw has been adopted. This is permitted under Development Cost Charge Amendment Bylaw Approval Exemption Regulation, (B.C. Reg. 130/2010) under the Community Charter, allowing Local Government to increase DCC's annually by the British Columbia CPI.

CONCLUSION

To amend the current DCC Bylaw (No.0190) with a proposed increase of 3.9% based on British Columbia CPI inflation for 2023.

Annual inflationary increases help to maintain funding for capacity upgrades to growth-related infrastructure year over year, reduce the potential for these costs to shift to the taxpayer, and lower the increase of one-time cost increases.

Alternate Recommendation to Consider and Resolve:

THAT Council postpone consideration of first, second, and third reading of the "City of West Kelowna Development Cost Charges Amendment Bylaw No.0190.02, 2024"

And provide direction to Staff.

REVIEWED BY

Bob Dargatz, Development Engineering Manager & Approving Officer

Rob Hillis, Deputy Director of Engineering

Allen Fillion, Director of Engineering & Operations

Trevor Seibel, Deputy CAO

APPROVED FOR THE AGENDA BY

Ron Mattiussi, Interim CAO

Powerpoint: Yes No

Attachments:

1. City of West Kelowna Development Cost Charges Bylaw No. 190
2. City of West Kelowna Development Cost Charges Amendment Bylaw No. 0190.02
3. Development Industry Notice Letter