



COUNCIL REPORT

To: Mayor and Council

Date: March 24, 2026

From: Ron Bowles, Chief Administrative Officer

File No: 3900-20-0190.03

Subject: **Development Cost Charges Update – No Increase Proposed**

Prepared by: Evan Sun, Infrastructure Engineer

Reviewed by: Rob Hillis, Senior Manager of Engineering and Capital Projects

RECOMMENDATION:

THAT Council direct staff to maintain 2025 Development Cost Charges rates for 2026 with no inflationary adjustment.

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.

Pursue Economic Growth and Prosperity – We will work with stakeholders throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.

BACKGROUND

Development Cost Charges (DCCs) are levied from most new developments and are the primary funding source for increasing the capacity of growth-related infrastructure. Development costs are charged per lot, per dwelling unit, or per square metre of new development for services such as drainage, parks, roads, sewer, and water, as established under the City of West Kelowna's Development Cost Charges Bylaw (adopted August 23, 2022).

The DCC 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 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 DCC Best Practices Guide of BC also

recommends that “major DCC bylaw amendment should be undertaken every five years following its adoption by the local government.”

The Community Charter includes an exemption regulation (B.C. Reg. 130/2010) which permits local governments to increase the DCC’s 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. Since the major DCC bylaw update in 2022, Council has approved two minor CPI-based amendments of 3.9% in 2024 and 2.5% in 2025.

2026 DCC PROPOSAL – 0% ADJUSTMENT

The City’s master plans (water, sanitary, transportation) are nearing completion with the stormwater master plan expected in early 2027. Completion of the master plans will generate new capital project lists which will require new DCC rate calculations. Staff plan to issue a Request for Proposals for a DCC major bylaw update this year with anticipated completion in 2027.

An Industry Stakeholder Letter¹ was distributed to the Urban Development Institute of the Okanagan and the Canadian Home Builders Association of the Central Okanagan on February 26, 2026, notifying them of the proposed 0% adjustment for council consideration and inviting their feedback ahead of the Council meeting. The Urban Development Institute of the Okanagan, in email feedback², supports the proposed non-adjustment to DCC’s, noting it aids continued investment and housing delivery in the community amid the current economic environment and challenges facing the development industry. The Canadian Home Builders Association of the Central Okanagan in a response letter³ provided similar support, stating that holding DCC rates steady as a measured and responsible action that supports housing supply stability, protects local employment, maintains investor confidence, and demonstrates leadership during economic uncertainty.

Staff recommend no inflationary DCC adjustment for 2026 despite the 2025 BC CPI of 2.1%. This position reflects the timing of the major DCC bylaw update anticipated for completion in 2027, recent inflationary adjustments already implemented, and current housing market conditions.

FINANCIAL IMPLICATIONS

The total DCC’s collected in 2025 (parks, roads, storm, sewer, water) was \$1,629,085. Applying the 2025 BC CPI rate of 2.1% to the 2025 total DCC’s collected would generate \$34,211 of additional DCC funds. This amount illustrates the potential DCC revenue impact of an inflationary adjustment if the current market conditions continue.

¹ Attachment #1 – Development Industry Notice Letter

² Attachment #2 – UDI Email Feedback

³ Attachment #3 – CHBA Response Letter

³ Attachment #4 – City of West Kelowna Development Cost Charges Amendment Bylaw No. 0190.04

CONCLUSION

Following a comprehensive review, staff recommend no inflationary increase to the DCC's for 2026, holding rates flat to support the local development community while completing the City's master plans (water, sanitary, stormwater, transportation) ahead of the completion of the major DCC bylaw update anticipated in 2027.

Alternate Recommendation:

THAT Council give first, second, and third readings to the “City of West Kelowna Development Cost Charges Amendment Bylaw No.0190.04, 2026”, which applies the 2.1% BC CPI inflationary adjustment to DCC rates for 2026.

PowerPoint: Yes No

Attachments:

1. Development Industry Notice Letter
2. UDI Email Feedback
3. CHBA Response Letter
4. City of West Kelowna Development Cost Charges Amendment Bylaw No. 0190.04