

# MEMORANDUM



Date: May 15, 2018  
To: Susanne Thompson, Director of Finance  
cc: Ehren Lee; Sara Stevens  
From: Anita Kingcott  
File: 1328.0034.01  
Subject: DCC Bylaw Update - Minor Update

This Memorandum provides background information on development cost charges (DCCs) and presents proposed DCC rates resulting from a minor update to the DCC program. To move forward with the DCC Bylaw update, we require:

- Council's approval to move forward with consulting stakeholders, namely the development community.

Once we receive Council's direction on this matter, we will move forward with preparing a new DCC Bylaw and with consulting the development community.

Sincerely,

**URBAN SYSTEMS LTD.**

A handwritten signature in blue ink that reads "A Kingcott".

Anita Kingcott, Analyst

/ak

U:\Projects\_VAN\1328\0034\01\Reports-Studies-Documents\2018 Update\2018-05-14-Mem-DCC Information to Council.docx

MEMORANDUM

Date: May 15, 2018  
File: 1328.0034.01  
Subject: DCC Bylaw Update - Minor Update  
Page: 2 of 6



**2018 DEVELOPMENT COST CHARGE BYLAW UPDATE – MINOR UPDATE**

**Background**

The City of Victoria's current Development Cost Charge (DCC) Bylaw was adopted in 2017. Since then, the City has completed the Sanitary Sewer Master Plan and Parks & Open Spaces Master Plan and now has more up-to-date information on related infrastructure/parks needs. Additionally, the current DCC Bylaw (No. 17-020) levies DCCs for park acquisition and park development. The City has combined these two programs into one 'Park Acquisition and Development' DCC. This will provide the City with greater flexibility to ensure parks standards can be maintained in the City of Victoria. The current DCC Bylaw requires an update to reflect this new information.

The City has recently initiated an update of its DCC Bylaw to reflect this new infrastructure and parks information, and to combine the two park DCCs into a single Park Acquisition and Development DCC.

**What are DCCs?**

DCCs are charges levied on new development to assist with financing the cost of upgrading or providing infrastructure services or acquiring and developing parkland needed to support new development.

The basic DCC calculation is:

**Growth-Related Infrastructure Costs**

**= DCC Rate**

**Amount of Growth**

The DCC rate is intended to reflect the impact growth has on infrastructure and parks; the greater the impact, the larger the charge. If a development has no impact, then DCCs cannot be applied to that development.

The Local Government Act requires local governments to "assist" with growth-related costs. Accordingly, local governments are expected to pay for a minimum of 1% of DCC project costs. This is called the "municipal assist factor", and councils are free to set it at any rate above the minimum. Most communities set the municipal assist factor at 1%.

The legislation around DCCs is quite restrictive. DCCs can only be used to help pay for growth-related infrastructure and growth-related parks. If a cost is not growth-related, it cannot be recovered through DCCs.

**Proposed DCC Program Updates – Sanitary and Parks**

Only the sanitary and park acquisition and development programs were reviewed in this minor update.

The proposed DCC program for sanitary and park acquisition and development to 2036 totals \$120 Million, \$28.5 Million of which is allocated to development and would be recovered through DCCs. Because the

## MEMORANDUM

Date: May 15, 2018  
 File: 1328.0034.01  
 Subject: DCC Bylaw Update - Minor Update  
 Page: 3 of 6



City is an infill community, all of the projects in this DCC program update provide a benefit to both existing residents and new development; therefore, only a portion of the total \$120 Million is allocated to growth. This DCC program update includes the following types of projects: sewer main upsizing; pump station capacity upgrades; sanitary trunk bypass; park land acquisition; and park development, including greenways development.

### Growth

The City is anticipated to grow by approximately 9,700 residential units by 2036 and add approximately 145,000 sq.m. of new commercial space, 5,500 sq.m. of new industrial space, and 16,600 sq.m. of new institutional space.

Growth projections were maintained from the 2016 update for this minor update to ensure consistency.

### Proposed DRAFT DCC Rates

Based on the proposed draft DCC program and growth estimates noted above, as well as assuming a Municipal Assist Factor of 1% (consistent with current practice) the proposed draft DCC rates are:

Land Use	Existing 2016 DCCs	Proposed 2018 DCCs	Decrease	Unit
Detached Dwelling	\$6,557.53	\$6,475.99	\$81.54	per lot
Two Family Dwelling	\$11,642.82	\$11,479.76	\$163.06	per lot
Attached Dwelling (Townhouse/triplex/fourplex)	\$42.80	\$42.18	\$0.62	per m <sup>2</sup> Gross Floor Area
Multiple Dwelling (Apartment)	\$45.73	\$45.13	\$0.60	per m <sup>2</sup> Gross Floor Area
Commercial	\$30.96	\$29.53	\$1.43	per m <sup>2</sup> Gross Floor Area
Industrial	\$11.43	\$10.86	\$0.58	per m <sup>2</sup> Gross Floor Area
Institutional	\$30.96	\$29.53	\$1.43	per m <sup>2</sup> Gross Floor Area

# MEMORANDUM

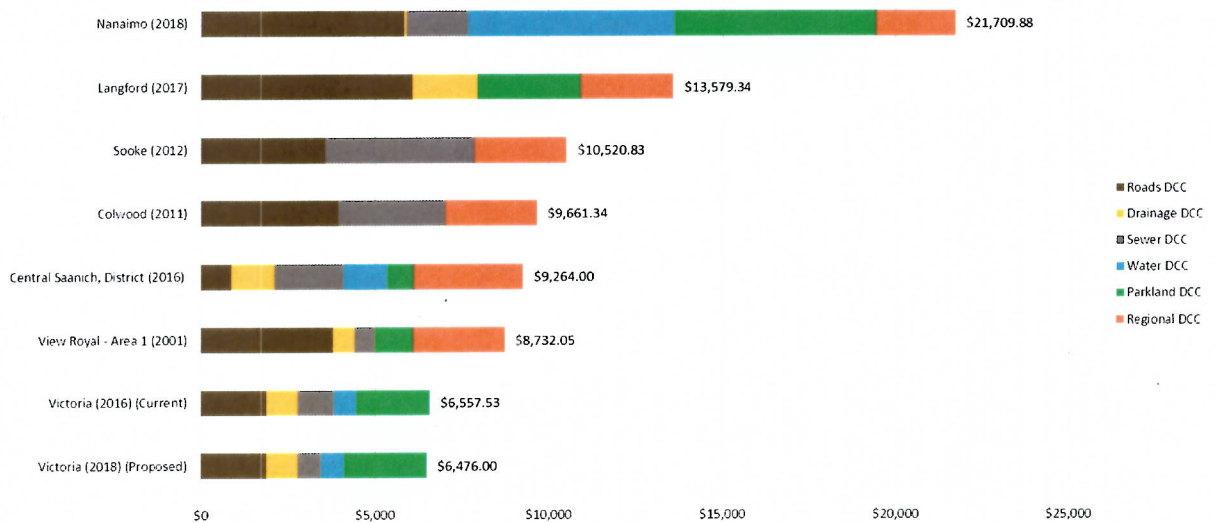
Date: May 15, 2018  
 File: 1328.0034.01  
 Subject: DCC Bylaw Update - Minor Update  
 Page: 4 of 6



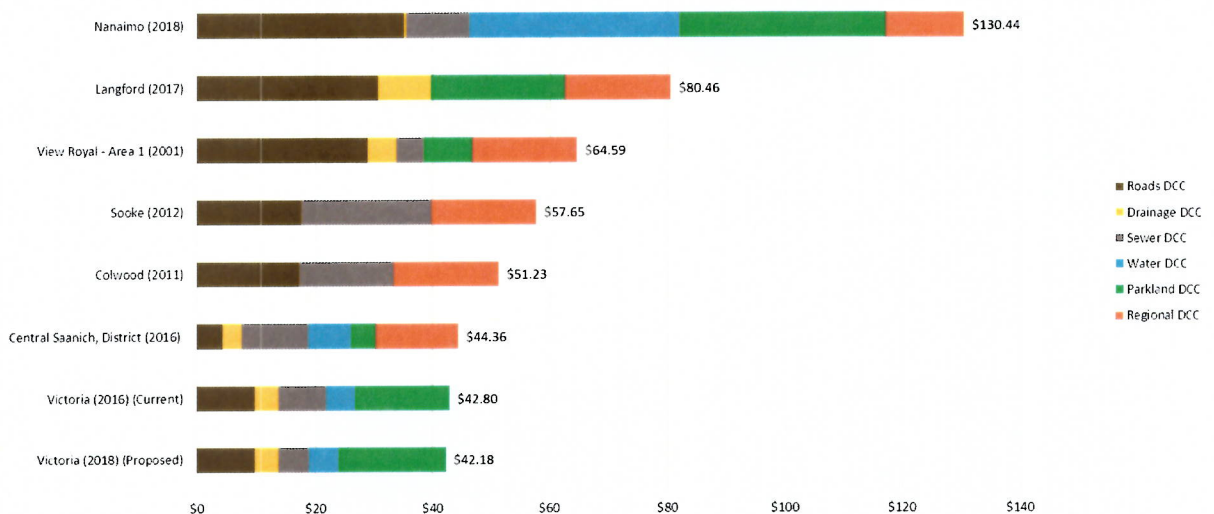
## DCC Rate Comparison

The following charts show how the proposed rates compare to those in other communities. The proposed rates shown below include the existing DCC rates and new sanitary and park acquisition and development charges. The proposed rates are well below most DCCs in the region.

Single Family DCC Comparison Rates (per lot)



Townhouse DCC Comparison Rates (per sq.m. GFA)

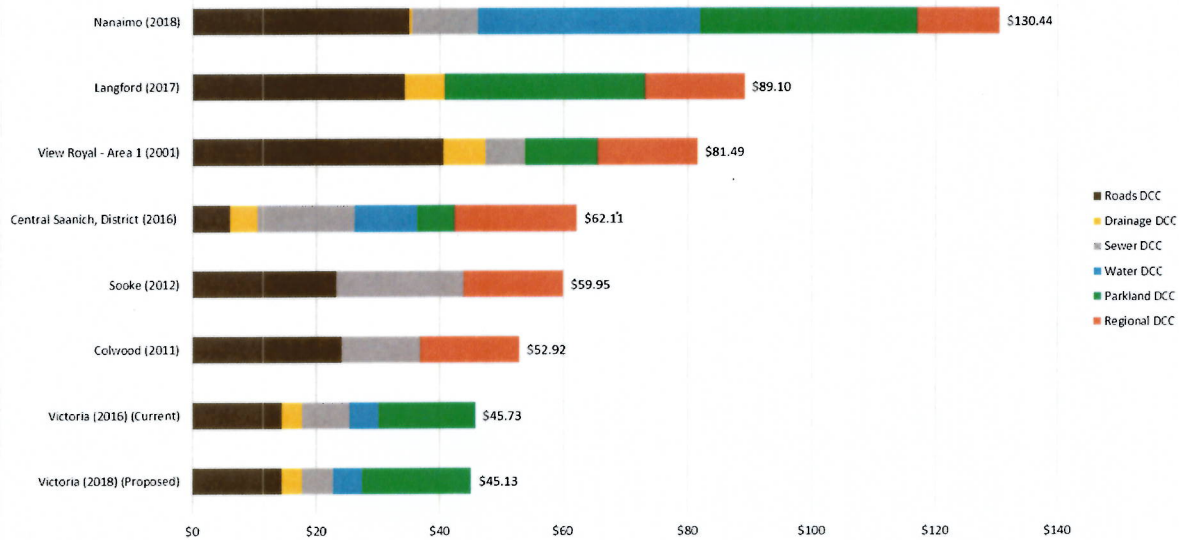




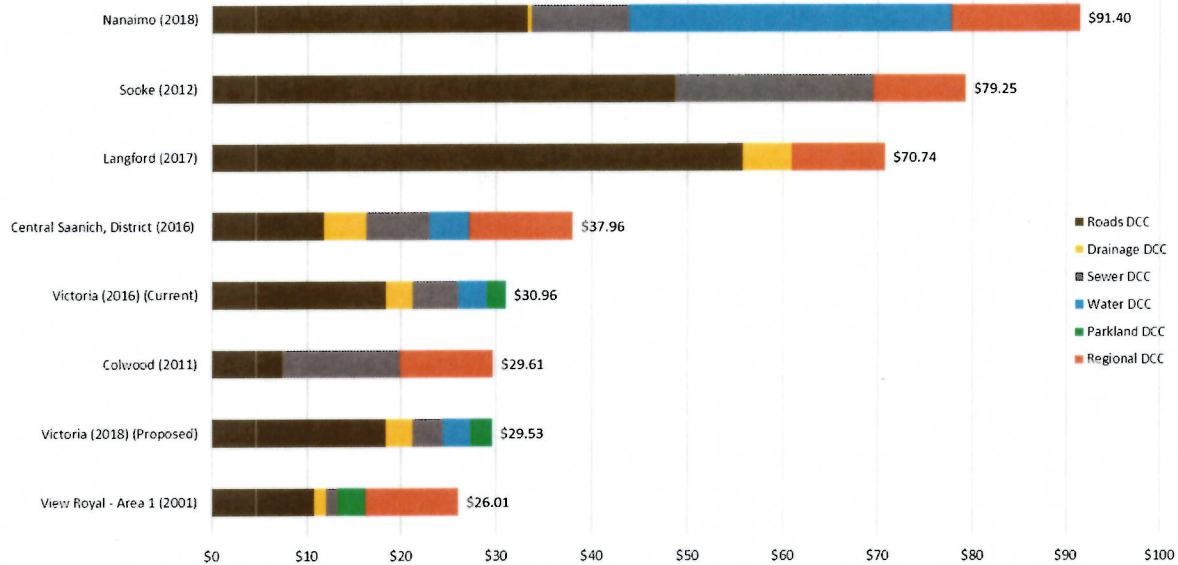
# MEMORANDUM

Date: May 15, 2018  
 File: 1328.0034.01  
 Subject: DCC Bylaw Update - Minor Update  
 Page: 5 of 6

Apartment DCC Comparison Rates (per sq.m. GFA)



Commercial DCC Comparison Rates (per sq. m. GFA)



# MEMORANDUM

Date: May 15, 2018  
File: 1328.0034.01  
Subject: DCC Bylaw Update - Minor Update  
Page: 6 of 6

