



Committee of the Whole Report For the Meeting of March 18, 2020

To: Council **Date:** March 1, 2021
From: Chris Coates, City Clerk
Susanne Thompson, Deputy City Manager/CFO
Subject: Development Cost Charges

RECOMMENDATION

That Council direct staff to bring forward an amendment Bylaw to establish a Consumer Price Index-based 1.1 percent increase to Development Cost Charges.

EXECUTIVE SUMMARY

The *Local Government Act* establishes that development cost charges (DCC's) may be levied, by bylaw, against new developments to proportionally pay for infrastructure required as development occurs. Bylaws establishing development cost charges require the approval of the Inspector of Municipalities and typically involve consultation with the development community prior to seeking that approval. Funds collected as DCC's are held in reserves and used only for the specific projects they were levied for.

In 2017, a new Development Cost Charges Bylaw was adopted, and in 2018 it was amended to reflect newly available engineering and planning information for Parks and Sewer on which to base DCC's for those purposes. The reports outlining these charges are attached as Appendices A and B and the Development Cost Charges Bylaw is attached as Appendix C.

Despite the *Local Government Act* provisions, The *Development Cost Charge Amendment Bylaw Approval Exemption Regulation* permits an amendment to the rates once every 12 months, for up to 4 years without the Inspector's approval, provided that the rate increase does not exceed the Consumer Price Index (CPI). For 2020, the CPI was 1.1% for Victoria. Council approved a CPI increase of 2.5% to these charges in 2020 based on the 2019 CPI.

Best practices suggest detailed reviews of the technical information establishing DCC's every 5 years in order that projects and associated costs are current. The detailed review occurred in 2017 and again in 2018 with the addition of the Parks and Sewer information noted above.

Council may consider that it is appropriate to again this year increase DCC's in step with the CPI on an annual basis in order that project costs which are likely to rise with inflation are updated and that the proportional share of payment from new developments is more closely maintained. In the event DCC's fall behind the proportional share when they were originally established, the existing tax base would be left to absorb the additional costs. This type of approach is inconsistent with the rationale to establish DCC's in the first place and was implemented in 2020 with an increase of 2.5% which was the CPI for 2019 which was the first increase made since these specific DCC charges had been established.

Attached as Appendix A is a proposed Amendment Bylaw that provides for a DCC increase in the amount of 1.1%.

Respectfully submitted,

Chris Coates
City Clerk

Susanne Thompson
Deputy City Manager/Chief Financial Officer

Report accepted and recommended by the City Manager.

List of Attachments

Attachment A - Proposed DCC Amendment Bylaw

Attachment B – 2020 DCC Bylaw Amendment (20-013)