



URBAN
SYSTEMS

DEVELOPMENT COST CHARGES PROGRAM: DRAFT RATES

CITY OF VICTORIA
DECEMBER 7, 2023

AGENDA

1. Brief DCC overview recap
2. Proposed DRAFT DCC Rates
3. Next steps & recommendations



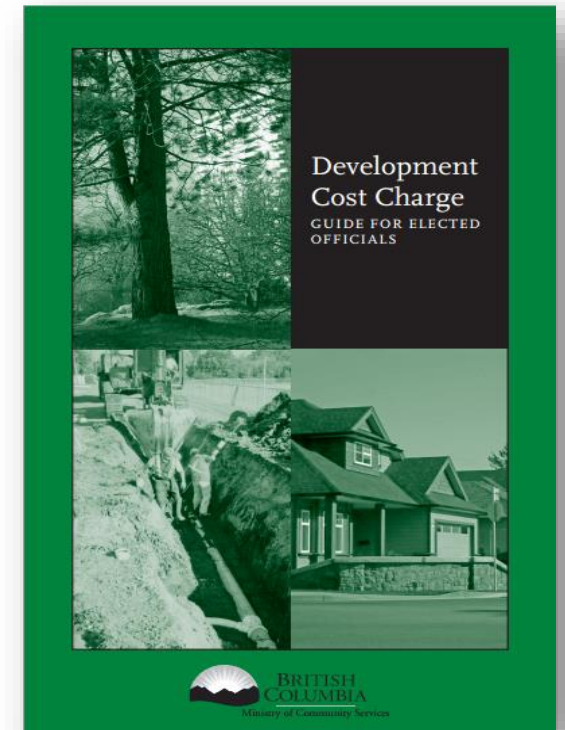
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DCC OVERVIEW

WHAT ARE DCCs?

- DCCs help communities recover the costs of **off-site infrastructure needed to support growth**
- Based on the principle that infrastructure costs should be shared between the existing property taxpayers and new developments benefitting from growth
- Regulated by the Province
 - *Local Government Act*
 - *DCC Best Practices Guide*
- Best practice is to review DCC program (projects and costs) on a regular basis:
 - Minor update every 1 to 3 years
 - Major update every 3 to 5 years
- One of many development finance tools



WHY IMPLEMENT DCCs?

1. Foster fairness – *existing property taxpayers do not bear the brunt of infrastructure costs to support growth*
2. Ensure consistency
3. Minimize financial risk to the City
4. Ensure certainty for the development community
5. Promote transparency

WHO PAYS DCCs?

- Applicants for **subdivision approval** to create single family development sites



- Applicants for **building permits** to construct multi-family, commercial, industrial, and institutional development

WHY UPDATE THE DCC BYLAW NOW?

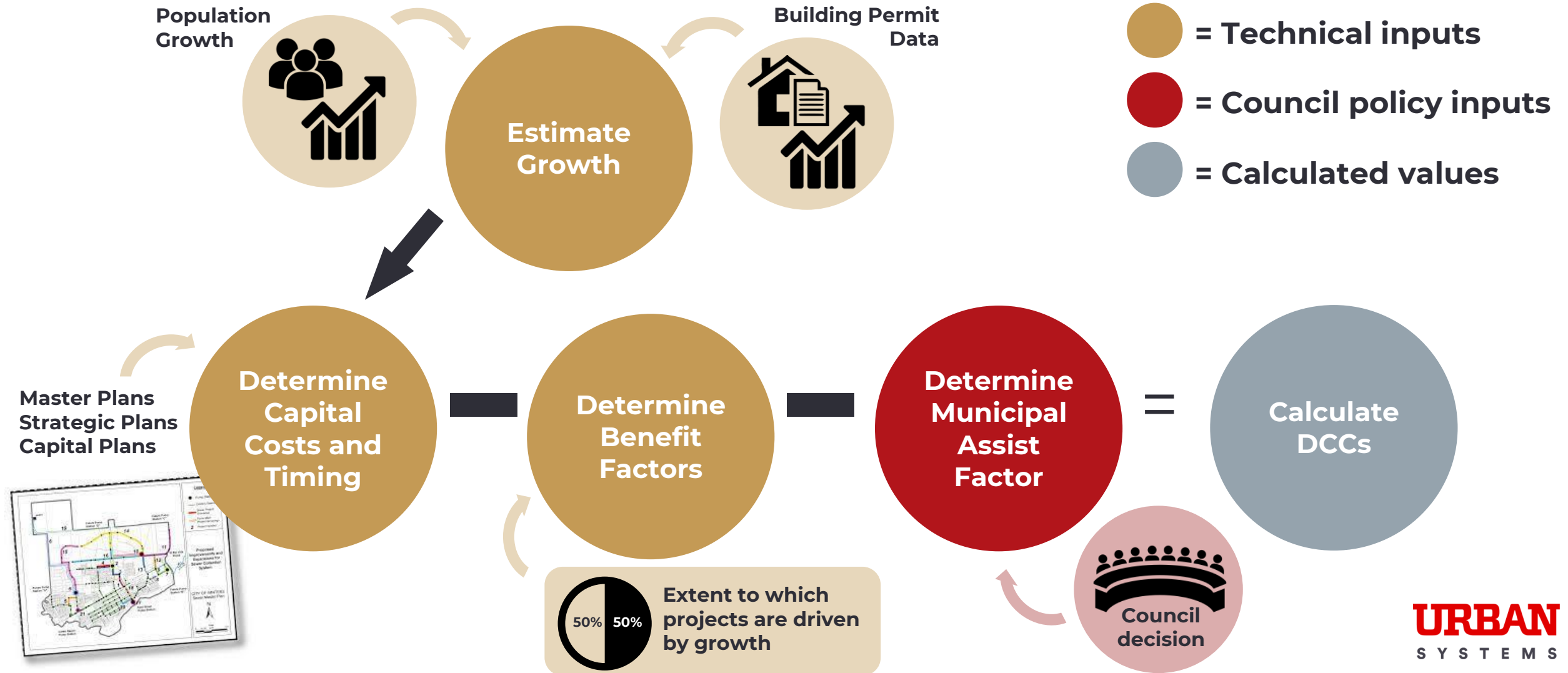


- The DCC Bylaw was updated in 2017 and amended in 2018. Inflation has been applied to the rates each year.
- It includes DCC charges for transportation, water, drainage, sewage and parkland acquisition and development
- Since that time...
 - The City's population has grown
 - Infrastructure costs have increased
 - DCC best practices have advanced
 - The City's infrastructure needs have changed

WHAT HAS BEEN UPDATED?

- All rates have been updated to reflect new, completed, and ongoing projects
- Incorporated new growth information (from OCP update)
- Accounted for rising costs (construction, land acquisition)
- Residential land uses have been updated to reflect best practices (detached and two-family dwellings have been consolidated into Medium-density residential)

HOW DO WE DETERMINE THE DCC RATE?



MUNICIPAL ASSIST FACTOR

- Legislation requires that local government must “assist” development for DCCs
- Council has complete discretion – can vary from 1% (least assistance) to 99% (most assistance), but most communities have an Assist Factor between 1% and 10%
- Assist amount is funded from City revenues and general taxation (i.e. not DCCs)

*In the current DCC program , there is an **assist factor of 1%** for all infrastructure types*



DRAFT DCC RATES

DRAFT DCC RATES

Land Use	Transportation	Water	Drainage	Sanitary	Parkland	Total Proposed DCC Rate	
Low-Density Residential	\$8,919.90	\$4,045.73	\$585.91	\$2,098.85	\$8,083.35	\$23,733.75	per lot
Medium-Density Residential	\$4,060.09	\$2,753.01	\$283.19	\$1,428.21	\$5,500.51	\$14,025.01	per unit
High-Density Residential	\$3,814.03	\$1,675.75	\$141.59	\$869.35	\$3,348.13	\$9,848.85	per unit
Commercial	\$61.52	\$13.17	\$1.56	\$6.83	\$5.26	\$88.34	per m ² of TFA
Industrial	\$18.45	\$5.39	\$1.07	\$2.79	\$2.15	\$29.86	per m ² of TFA
Institutional	\$61.52	\$13.17	\$1.56	\$6.83	\$5.26	\$88.34	per m ² of TFA

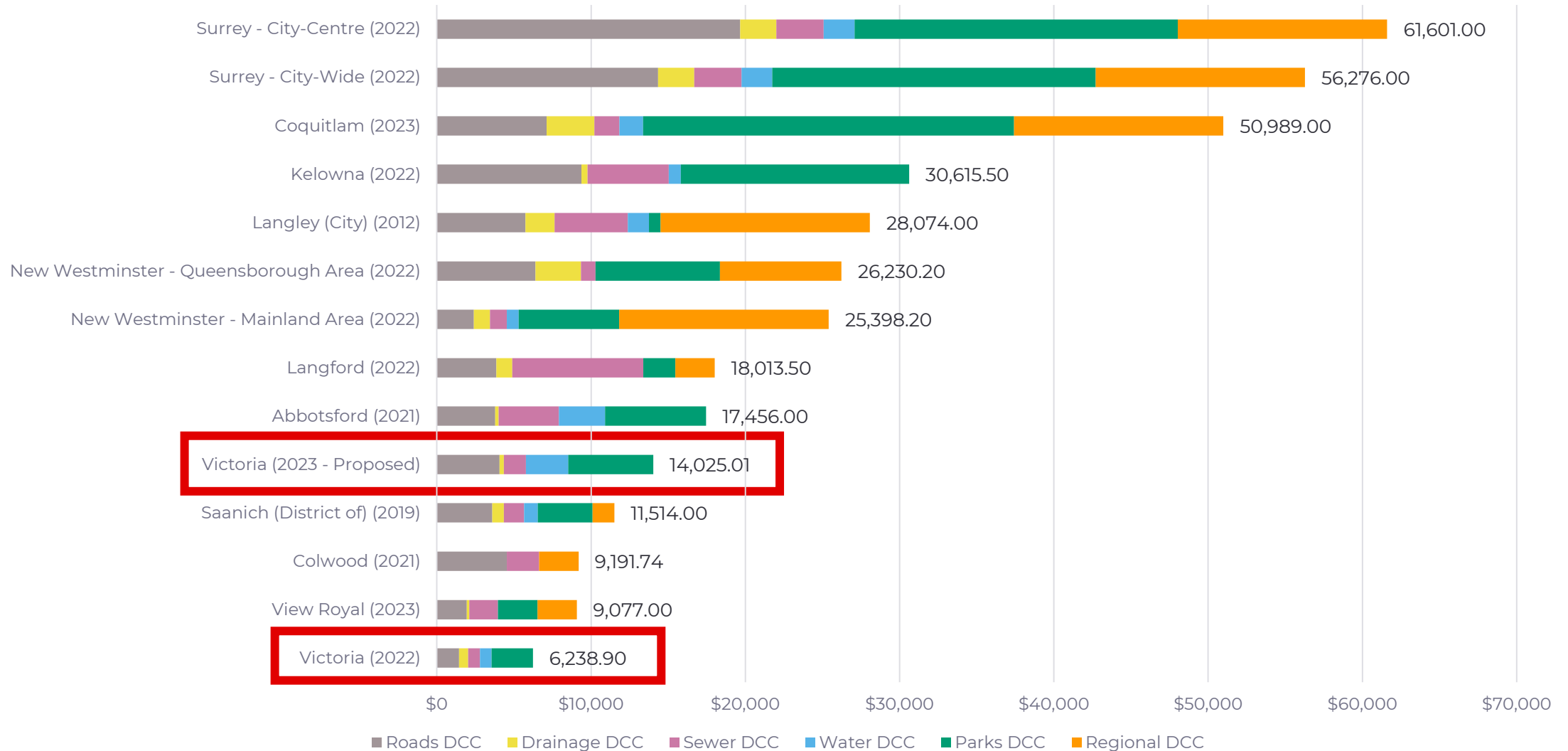
DCC CHANGE FROM 2022 – TOTAL DCCs

Land Use	Unit	Existing Rate (2022)	Proposed Rate (2023)
Low-Density Residential	Per lot	\$6,871.19	\$23,733.75
Medium-Density Residential	Per unit	\$6,238.90*	\$14,025.01
High Density Residential	Per unit	\$3,335.45	\$9,848.85
Commercial	Per m ² of TFA	\$31.32	\$88.34
Industrial	Per m ² of TFA	\$11.49	\$29.86
Institutional	Per m ² of TFA	\$31.32	\$88.34

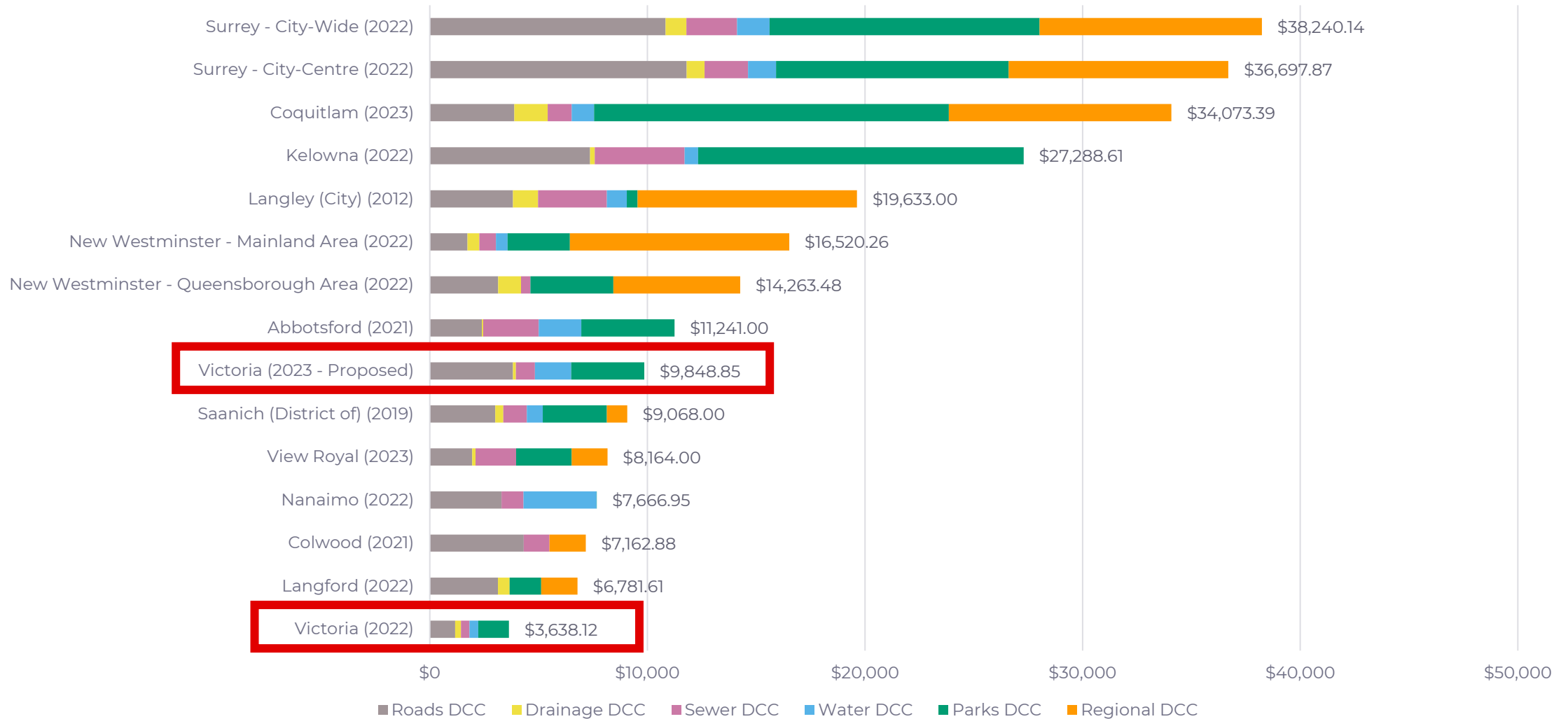
Note: Total Floor Area (TFA)

**Based on Attached Dwelling unit charge for a 1,500 sq ft unit (DCC Bylaw, 2022)*

COMMUNITY COMPARISON: MEDIUM DENSITY

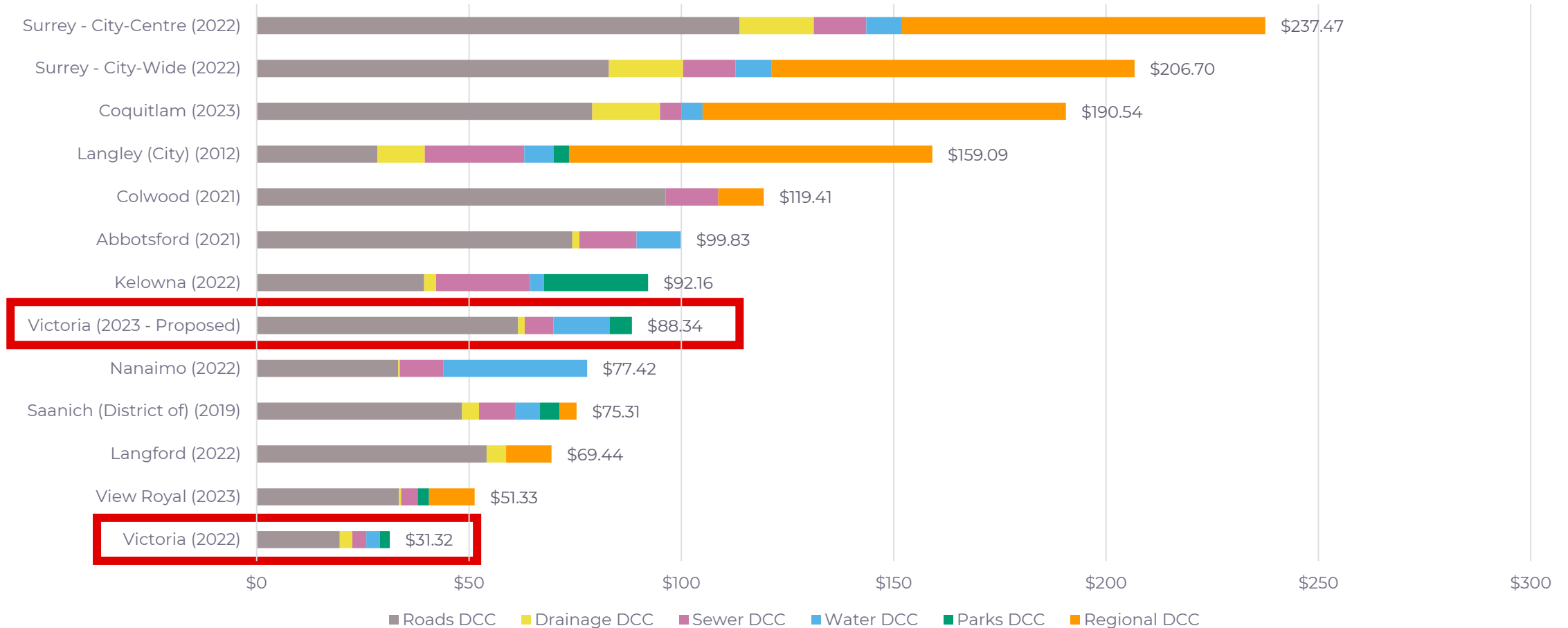


COMMUNITY COMPARISON: HIGH DENSITY



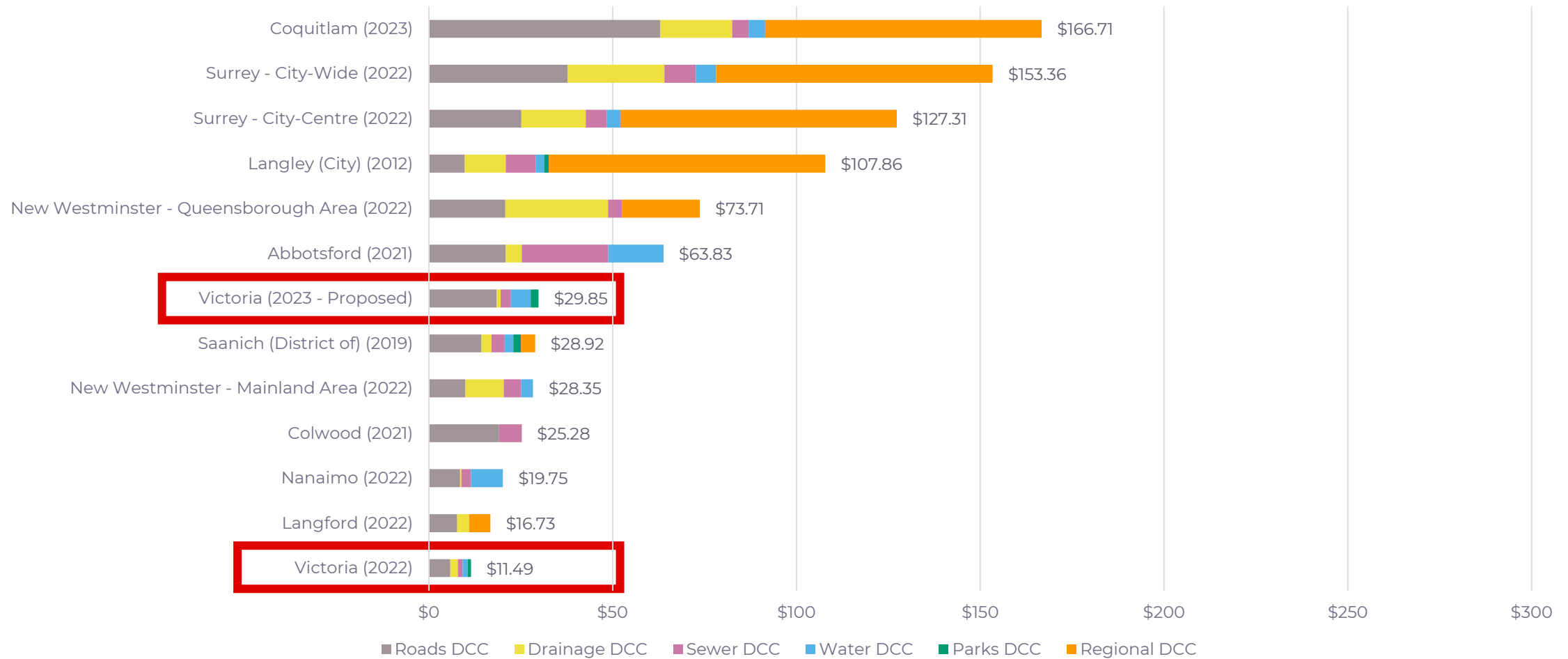
COMMUNITY COMPARISON: COMMERCIAL

Commercial DCC Comparison Rates (per sq. m.)



COMMUNITY COMPARISON: INDUSTRIAL

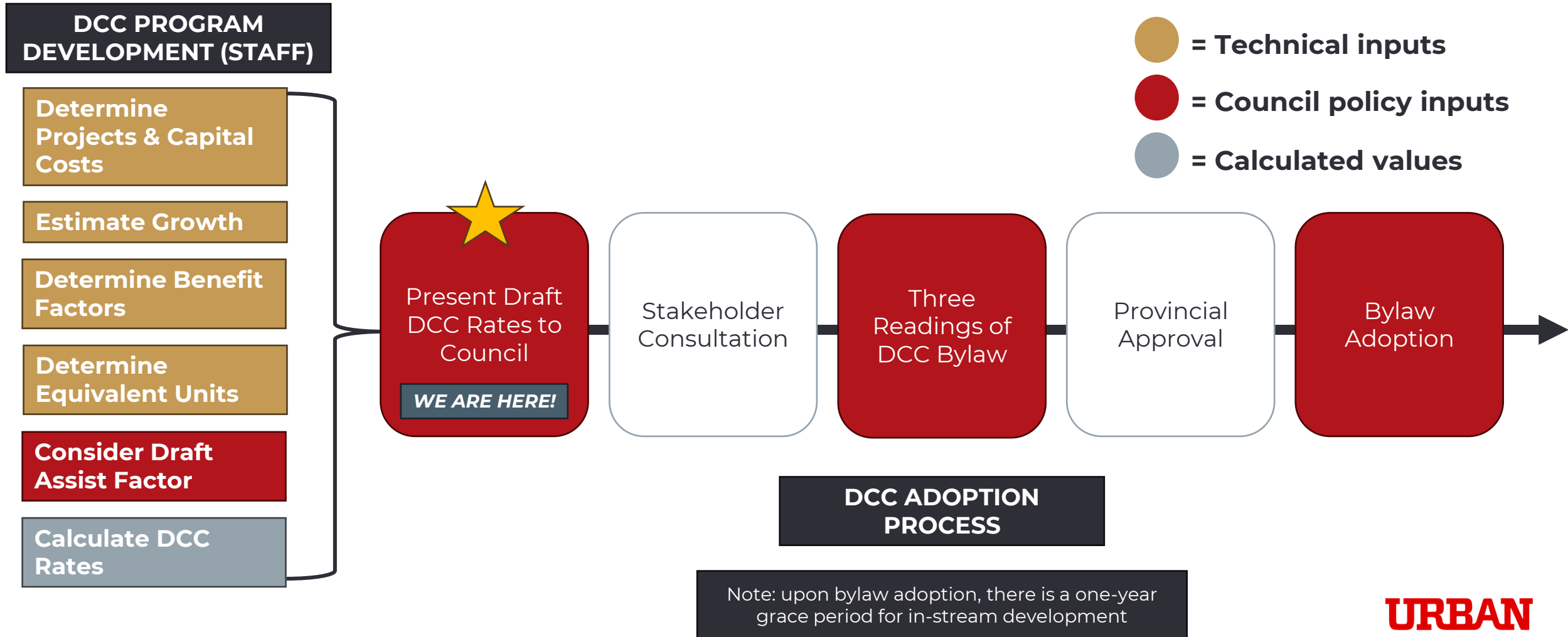
Industrial DCC Comparison Rates (per sq. m.)



PROPORTION OF DEVELOPMENT COSTS

Land Use	Unit Type	Size	Estimated Unit Sale Price	Proposed DCCs (per unit)	DCC % of Total Cost
Medium-Density Residential	Townhouse Unit	1,500 ft ²	\$ 1,095,000	\$ 14,025	1.28%
High-Density Residential	Multi-family Unit (Standard)	750 ft ²	\$ 682,500	\$ 9,848	1.44%
High-Density Residential	Multi-family Unit (Premium)	750 ft ²	\$ 785,000	\$ 9,848	1.25%

DCC BYLAW UPDATE PROCESS



STAKEHOLDER ENGAGEMENT

- The Best Practices Guide recommends consulting with key stakeholders as part of the DCC update, including:
 - Consultation with City of Victoria Council and staff
 - Providing information to the public
 - Sessions with the development community
 - Council presentations and three readings



NEXT STEPS & RECOMMENDATIONS

RECOMMENDATIONS

- Consider developing a grant program for non-government, not-for-profit, non-market rental housing projects (rather than implementing Waiver and Reductions Bylaw for any classes of eligible developments)
- Continue to maintain DCC exemptions for:
 - Residential developments with < 4 dwelling units
 - Residential units of $\leq 29 \text{ m}^2$ area
 - Residential units of $\leq \$50\text{K}$ of building permit value
- Direct staff to engage the development community on the proposed rate changes

NEXT STEPS

1. Background and Policy Review (completed)
2. Initial DCC Presentations to Staff (completed)
3. Generating Program Inputs (completed)
4. Initial DCC Presentations to Council (completed: Nov. 2)
5. DCC Program Development (completed)
6. Present Proposed DCC Rate to Council (Dec 7)
7. Stakeholder Engagement
8. Finalization and Formal Ministry Submission
9. DCC Implementation