

To: Her Worship Mayor McKortoff and Members of Council

From: Christopher Garrish, Planner

Date: May 13, 2025

Subject: Development Cost Charge (DCC) Bylaw Review

Tracker No: BLW-199

RECOMMENDATION:

THAT the Town of Osoyoos Development Cost Charge Bylaw No. 1394, be initiated.

CAO Comments:

Approved for Council consideration.

Executive Summary:

The purpose of this report is to provide options for Council in relation to the introduction of a new Development Cost Charge (DCC) Bylaw.

Background:

Under Section 559 of the *Local Government Act*, Council may, by bylaw, impose development cost charges (DCCs) on every person who obtains either a subdivision approval or a building permit authorizing the construction, alteration or extension of a building or structure.

The Act allows a DCC to be imposed for the purpose of providing funds to assist with the capital costs of providing, constructing, altering or expanding sewage, water, drainage, fire protection, police, highway, solid waste and recycling facilities, and providing and improving park land.

At its meeting of December 6, 2016, Council adopted the Development Cost Charge Bylaw No. 1322, 2016, which applies charges for water, sanitary sewer, storm drainage, roads and parkland based on use class (e.g. residential, commercial, industrial, etc.).

It is considered good practice to update a DCC Bylaw every five (5) years in order to ensure that the estimates of new development and infrastructure costs are kept current.

In 2023, TRUE Engineering Limited was engaged by the Town to complete an updated Technical Appendix to support the introduction of new DCCs through a bylaw review process (see Attachment No. 2).

The Technical Appendix has considered, amongst other things, the Town's new Zoning Bylaw No. 1395, adopted in September of 2024, as well as the Housing Statutes (Development

Financing) Amendment Act (2023), which allows for the collection of charges for new categories and the Housing Needs Report (HNR) Update completed in early 2025.

Analysis:

The report entitled; *Technical Appendix to Development Cost Charge Bylaw 1394*, has been prepared to ensure that growth-related infrastructure costs are equitably distributed between new development and the broader community, in alignment with the *Local Government Act* and the community's long-term planning objectives and forms the basis of the new DCC bylaw.

Highlights of this assessment include:

- use of a 10-year “revolving” program;
- an average annual growth rate of 3.6% and development infill rate of 25%;
- municipal-wide levies;
- 1% “Assist Factor” for all DCCs (e.g. municipalities must deliver a portion of the funding required for DCC projects); and
- collection at building permit (BP) submission.

A comparison of the current DCCs (2016), proposed DCCs (2025) and overall increase (by percentage) for each category is shown at Attachment No. 1.

Other aspects of the bylaw and proposed changes are discussed under the following sub-headings:

Campground (RV Park):

The current DCC Bylaw contains a dedicated charge for “sites” in a “Recreational Vehicle Park or Campground”, which is defined as meaning:

a property with sites for temporary tourist accommodation purposes, including tents, recreational vehicles or park model trailers, but excluding commercial buildings on the property.

It is being proposed that this charge not be carried forward into the new DCC Bylaw on the basis that the triggers for payment of a DCC are not normally triggered by a campground.

For instance, campgrounds are rarely subdivided while accommodation is generally provided by the patron (e.g. tents or an RV) and permanent structures represent a small footprint within a campground site (e.g. amenity blocks containing shared washroom and shower facilities).

(NOTE: Administration is aware that campground operations within the Town have previously been strata subdivided and occupied for residential purposes).

Criteria for Waiving or Reducing a DCC:

Under Section 563 of the *Local Government Act*, a local government may, by bylaw, waive or reduce a development cost charge (DCC) for the following forms of development:

- (a) not-for-profit rental housing, including supportive living housing;*
- (b) for-profit affordable rental housing;*
- (c) a subdivision of small lots that is designed to result in low greenhouse gas emissions;*
- (d) a development that is designed to result in a low environmental impact.*

Importantly, the local government bylaw establishing the criteria for waiving or reducing a DCC must do the following:

- establish what constitutes an eligible development (e.g. not-for-profit rental housing);
- establish the amount of reduction for an eligible development (e.g. up to 100%); and
- establish the requirements that must be met in order to obtain a waiver or reduction.

While the Town's current DCC Bylaw does not contain this allowance, it is being proposed that Draft DCC Bylaw No. 1394 establish the following (NOTE: see bylaw for more details):

- that "eligible development" comprise not-for-profit rental housing;
- that the DCC amount that may be waived by Council be up to 100%; and
- that an application form be submitted and assessed by Administration in order for Council to consider waiving or reducing a DCC.

Conversely, the option of not allowing a DCC to be waived or reduced is available to Council.

Criteria for Payment of a DCC by Installments:

Under the *Development Cost Charge (Installments) Regulation, B.C. Reg. 166/84*, a developer may elect to pay a DCC by installments and within two (2) years of the charge being assessed as follows:

- (a) 1/3 of the total charge at the time of the approval of the subdivision or granting of the permit, and*
- (b) 1/2 of the balance within one year after the date of the approval of the subdivision or granting of the permit.*

In response, it is being proposed that a new section be added to the bylaw to reflect this legislative allowance. NOTE: payment in full is required within two (2) years.

Provision of a Solid Waste DCC:

As a result of recent legislative changes, the *Local Government Act* now allows the Town to include capital costs related to providing, constructing, altering or expanding solid waste and recycling facilities. Eligible capital costs may include the construction or acquisition of infrastructure owned by a local government.

In response, it is being proposed that a new DCC for solid waste facilities be implemented, and that the funds collected be applied to a "Design, Operations and Closure Plan for the Osoyoos Landfill."

Community Engagement:

The *Local Government Act* does not impose any mandatory public consultation requirements in relation to the adoption of a new DCC Bylaw, however, the Inspector of Municipalities may refuse approval of a DCC bylaw if it is determined that the DCCs are excessive, deter development or discourage construction of reasonably priced housing.

Evidence of public/stakeholder consultation may address some of these issues and, it is for this reason, that the province encourages, as a best practice, a public process to obtain input from stakeholders prior to formal consideration of bylaw readings by Council.

For this reason, it is being proposed that opportunities for public input be scheduled prior to consideration of first and be in the form of a public information meeting and feedback period.

Options/discussion:

1. THAT the Town of Osoyoos Development Cost Charge Bylaw No. 1394, be initiated;
2. THAT the initiation of the Town of Osoyoos Development Cost Charge Bylaw No. 1394, be deferred pending completion of the following:
 - a) *TBD*
3. THAT the Town of Osoyoos Development Cost Charge Bylaw No. 1394, not be initiated.

Attachments:

No. 1 – Summary of Current vs. Proposed DCCs

No. 2 – Technical Appendix to Development Cost Charge Bylaw No. 1394 (April 2025)