

To: Her Worship Mayor McKortoff and Members of Council

From: Christopher Garrish, Planner

Date: July 15, 2025

Subject: Development Cost Charge (DCC) Bylaw No. 1394

Tracker No: BLW-199

RECOMMENDATION:

THAT the Town of Osoyoos Development Cost Charge Bylaw No. 1394, 2025, be read a first, second and third time.

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. 3).

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.

Council Consideration:

At its meeting of May 13, 2025, Council's Committee of the Whole (COTW) considered a draft of Bylaw No. 1394 and resolved that it be initiated, "with the amendment of the Commercial DCCs being reduced to 85."

In initiating this bylaw, Administration committed to include "opportunities for public input ... prior to consideration of first and ... in the form of a public information meeting and feedback period."

Public Process:

While the *Local Government Act* does not impose any mandatory public consultation requirements in relation to the adoption of a new DCC Bylaw, 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.

The following opportunities for public input were completed prior to consideration of first reading and included the following:

- copies of the draft bylaw, including the Technical Appendix, staff reports, PowerPoint presentations, and comparison tables outlining differences between current and proposed charges were posted to the Town's web-site in May of 2025;
- advertisements were placed in the local newspaper on May 29, 2025 and June 12, 2025;
- an email notification was sent via eNews on June 13, 2025, directing residents to the Town's web-site in order to obtain more information;
- an email notification was sent to various development companies known to operate within the Town on June 16, 2025, reminding of the public information meeting (PIM) scheduled for June 17, 2025; and
- an in-person PIM was held on June 17, 2025, at the Osoyoos Council Chamber between 2:00 and 4:00 p.m. and was attended by approximately two (2) members of the public.

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); with an adjustment to Commercial DCC’s from \$110.94 to \$85.00 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. 2.

Other aspects of the new DCC Bylaw and proposed changes that were previously discussed at the COTW meeting of May 13, 2025, including:

- removing an existing DCC for “sites” in a “Recreational Vehicle Park or Campground” on the basis that the triggers for payment of a DCC are not normally triggered by a campground use (e.g. subdivision or building permit);
- introducing criteria for waiving or reducing a DCC for eligible development such as not-for-profit rental housing, including supportive living housing, as well as for-profit affordable rental housing;
- introducing criteria to allow a developer to consider payment of a DCC by installments and within two (2) years of the charge being assessed (subject to certain criteria); and
- introducing a new DCC for solid waste facilities, and that the funds collected be applied to a “Design, Operations and Closure Plan for the Osoyoos Landfill.”

Revisions:

Further to the direction provided by Council at the COTW meeting of May 13, 2025, the charge for commercial uses has been reduced from \$108.25 to \$84.96 (-\$23.29).

Council is asked to be aware, however, that the charge for an Institutional use has been reduced from \$108.25 to \$84.96 (-\$23.29). This is because population allocation in the provincial DCC Best Practices Guidelines typically shows population factors to be similar or the same for commercial and institutional uses. The deviation between population factors to reduce commercial to \$85 while maintaining institutional at \$108 would have been difficult to justify.

In addition, the charge for a Commercial Accommodation Unit use has been reduced from \$7,284.58 to \$6,352.89 (-\$931.70). This is a result of the calculation method used for this rate being partially based on that for commercial uses and, with the reduction to the commercial charge (outlined above), a corresponding decrease has occurred for this rate.

Finally, the charge for a Industrial use has been reduced from \$65.74 to \$65.67 (-\$0.07). The \$0.07 discrepancy was a summation error in the table which did not include the Recycling Facilities and Solid Waste Management DCC rate of \$0.07.

Next Steps:

Should Council support 1st, 2nd and 3rd reading of Bylaw No. 1394, section 560 of the *Local Government Act* requires that “a bylaw that imposes a development cost charge must not be adopted until it has been approved by the inspector.”

Prior to consideration of adoption, Administration will forward a copy of Bylaw No. 1394 to the provincial Inspector of Municipalities for their review and approval. It is unknown how long this approval process may take.

Options:

1. Town of Osoyoos Development Cost Charge Bylaw No. 1394, 2025, be read a first, second and third time; or
2. Status quo.

Implications:

- a) Community – introduction of a new DCC Bylaw will improve infrastructure funding, support growth management by encouraging development where infrastructure is already available and ensure new development contributes to new infrastructure requirements.
- b) Organizational – An updated DCC Bylaw will allow for better alignment of collected funding from DCCs with the capital projects contained within the updated Technical Appendix prepared to support the new bylaw.
- c) Budget – None at this time (NOTE: the Town is required, under the *Local Government Act*, to prepare an Annual DCC Report that includes the total amount of charges received, expenditures from DCC reserve funds, the balance at the end of the year and any waivers or reductions granted).
- d) Financial/Risk Implications – If development slows in response to the higher DCC charges contained within the proposed bylaw, actual DCC revenues may fall below any stated projections. In addition, any mismatch in timing between the delivery of new infrastructure and collection of DCCs *may* present a funding challenge for certain capital projects.
- e) Significant Dates – none.
- f) Sustainability – Updated DCCs will generate additional revenue to assist with the funding of growth-related capital projects such as water mains, sewer upgrades, road networks, etc.

Attachments:

No. 1 – Town of Osoyoos Development Cost Charge Bylaw No. 1394, 2025

No. 2 – Summary of Current vs. Proposed DCCs

No. 3 – Technical Appendix to Development Cost Charge Bylaw No. 1394 (June 2025)