TOWN OF COMOX DEVELOPMENT COST CHARGE AND AMENITY COST CHARGE UPDATE

Council Presentation
June 4, 2025

URBAN SYSTEMS

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Urban Systems Ltd.

AGENDA

- Purpose & Outcomes
- DCC Overview
- DCC Proposed Rates & Community Comparisons
- ACC Overview
- ACC Proposed Rates & Community Comparisons
- Next Steps
- Discussion
- Council Recommendation

PURPOSE & OUTCOMES

PROJECT PURPOSE

Update the Town's Development Cost Charge (DCC) Bylaw and develop an Amenity Cost Charge (ACC) Bylaw to ensure the Town's development finance tools effectively and sustainably fund essential amenities needed to support growth

PRESENTATION PURPOSE

Equip Council to make informed decisions regarding the ongoing development of the DCC + ACC program and bylaw

DESIRED OUTCOMES

- Develop a common understanding of DCC + ACC best practices
- Present rate options for Council's consideration
- Receive direction and ensure alignment on next steps

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WHY NOW?

- Recent **changes to Provincial Legislation**:
  - Allow a wider scope of services and amenities to be cost shared (Bill 46)
  - Permits more density through the small-scale multi-unit housing (SSMUH)
- Last updated in 2016, the **DCC rate no longer reflects the funding that is needed** to deliver infrastructure projects required to support growth
- **Best practice** for reviewing the DCC program:
  - Conduct a minor update every 1 to 3 years
  - Conduct a major update every 3 to 5 years
- Opportunity to **collect additional funds** through introduction of an **Amenity Cost Charge Bylaw**

WHY USE DCCs and ACCs?

- Fosters a **fair** and **equitable** approach where growth pays for growth and infrastructure costs are **transparent**
- Creates **consistency** for the development community through a clear policy framework
- Ensures **certainty** that services and amenities support growth and development
- Minimizes **financial risk** to the Town
- Ensures **timely** processing of development applications

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DEVELOPMENT FINANCE TOOLS

- Development Cost Charges
- General Revenue
- 5% Parkland Dedication
- Local Area Service Charges
- User Fees and Charges
- Works and Service Agreements
- Amenity Cost Charges
- Latecomer Agreements
- Density Bonusing
- Other

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DCCs OVERVIEW

WHAT ARE DCCs?

- Help communities recover the costs of **off-site infrastructure needed for growth**
- Based on the **principle of cost-sharing** infrastructure between existing taxpayers and new developments
- **Provincially-regulated** development finance tool
  - Part 14, Division 19 of the Local Government Act (LGA)
  - New legislation (Bill 46) now allows a wider scope of services and amenities
  - DCC Best Practices Guide (March 2025)
  - DCC Guide for Elected Officials

WHAT PROJECTS CAN DCCs PAY FOR?

DCCs CAN BE USED TO FUND

Capital costs (planning, engineering, design, legal, studies) for:

- Transportation services
- Water services
- Drainage services
- Sewer services
- Parkland acquisition and improvements
- Fire protection facilities
- Police facilities
- Solid waste and recycling facilities

DCCs CANNOT BE USED TO FUND

- Infrastructure or parks needed to serve the existing population (deficiencies, asset replacement)
- In other words: **DCC projects must be growth-related**
- Operations and maintenance costs
- Rolling stock (i.e vehicles or mobile equipment)
- Community buildings – *eligible under ACCs*

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WHICH PARKS PROJECTS ARE DCC-ELIGIBLE?

DCCs CAN BE USED TO FUND

- Park acquisition
- Park improvements:
  - Fencing
  - Landscaping
  - Drainage and irrigation
  - Trails
  - Restrooms
  - Changing rooms
  - Playground equipment
  - Playing field equipment

DCCs CANNOT BE USED TO FUND

- Off-street parking facilities
- Sports field lighting
- Artificial turf
- Sport courts
- New recreation buildings – *eligible for collection under ACCs*

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HOW DO WE DETERMINE THE DCC RATE?

= Technical Inputs

= Policy Inputs

GROWTH PROJECTIONS

Estimate residential and non-residential growth in the community

Technical Inputs

CAPITAL COSTS AND TIMING

Determine costs and timing of infrastructure needed to support growth

Technical Inputs

BENEFIT ALLOCATION

Determine the extent to which each project benefits growth

Technical Inputs

MUNICIPAL ASSIST FACTOR

Council to determine how much the Town will assist development

Policy Inputs

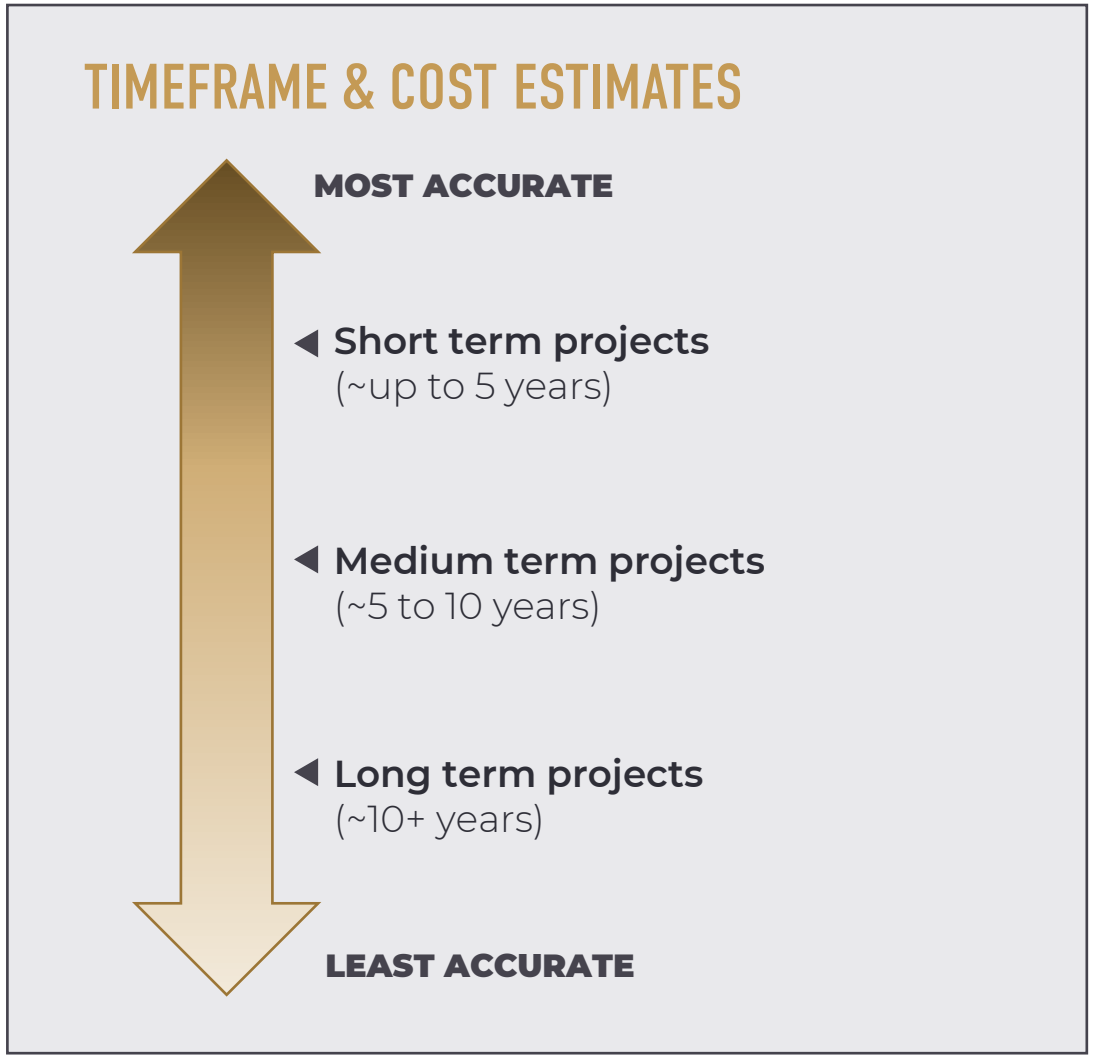
DCC RATE

Calculate the draft DCC rate

Technical Inputs

DCC PROGRAM TIMEFRAME

- Typically, a 10 to 30 years ‘rolling’ program updated every 3 to 5 years
- Accuracy of cost estimates can be related to project timing.



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ALLOCATING BENEFIT

- A benefit allocation (%) is assigned to each project to reflect anticipated benefit to growth
- Ensures costs are shared equitably between the current and future population (benefiters)
- The benefit allocation can be determined based on the following methods:
  1. 'Rule of thumb'
  2. Technical analysis
  3. Population growth

LOW BENEFIT TO DEVELOPMENT
PRIMARILY SERVES EXISTING POP.
MINIMAL DCCS RECOVERABLE

SHARED BENEFIT TO DEVELOPMENT
SERVES FUTURE & EXISTING POP.
SOME DCCS ARE RECOVERABLE

HIGH BENEFIT TO DEVELOPMENT
PRIMARILY SERVES FUTURE POP.
MAXIMUM DCCS RECOVERABLE

Projects that are not growth-driven (i.e., 0%) are not eligible for DCCs

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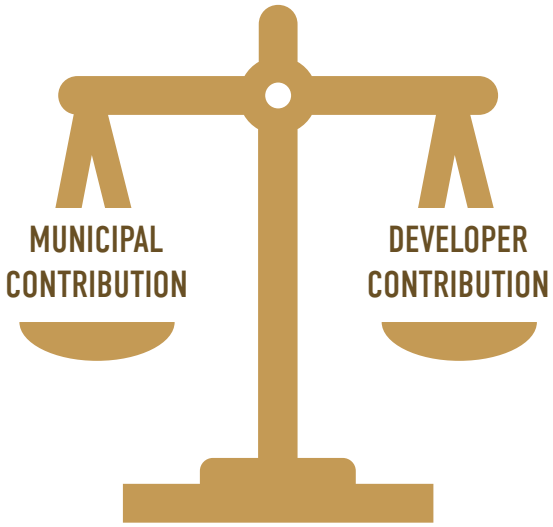
MUNICIPAL ASSIST FACTOR

- Legislation requires local governments to assist development for DCCs
- Assist amount must be made up through non-DCC revenue (general taxation)
- **Council has complete discretion** to set an assist factor between 1% (least assistance) and 99% (most assistance)
- The assist factor is **varied by DCC Program** (e.g., roads, water, sewer); not by land use type



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HOW ARE DCCs COLLECTED?

- Land use categories are a proxy for the impact of built form on infrastructure services

LAND USE CATEGORIES	TIMING OF CHARGE	UNITS OF CHARGE
Residential		
Low-density	Subdivision	Per Lot
Medium-density	Building permits	Per Dwelling Unit
High-density	Building permits	Per m^2 GFA*
Non-residential		
Commercial	Building permits	Per m^2 GFA*
Industrial	Building permits	Per m^2 GFA*
Institutional	Building permits	Per m^2 GFA*

** GFA means Gross Floor Area*

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WHEN ARE DCCs COLLECTED?

- DCCs are paid by applicants for:
  - Applicants for **subdivision approval** to create low density development sites
  - Applicants for **building permits** to construct medium- and high-density residential uses, commercial, industrial, and institutional development

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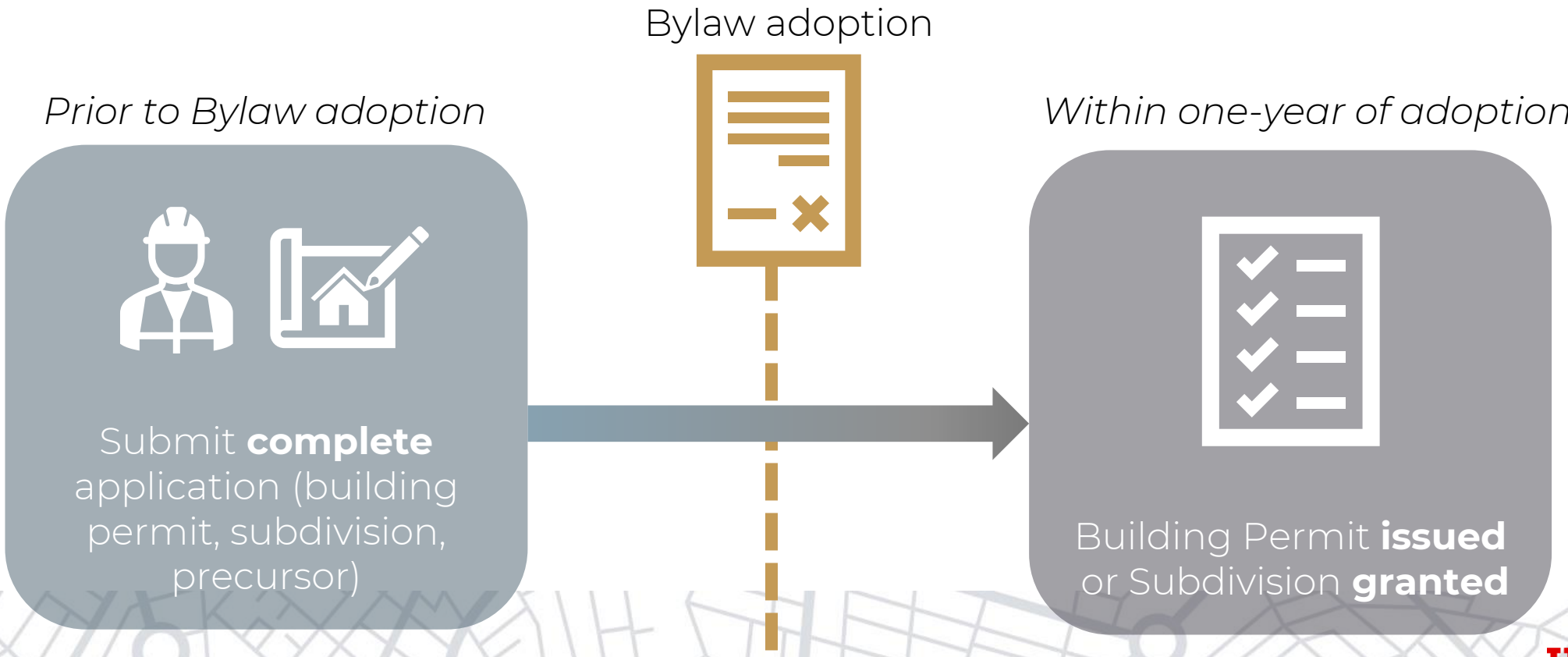
IN-STREAM PROTECTION

Active development applications are legislatively protected from DCC rate updates. To qualify the following timeline must be met:



DCC RECOVERABLE COSTS

PROJECT COST	BENEFIT ALLOCATION 35% to new growth	ASSIST FACTOR 1%
$1 Million (M)	**$350 K** 35% x ($1 M)	**$3.5 K** 1% x ($350 K)

CONTRIBUTION	BENEFIT ALLOCATION	ASSIST FACTOR	FINAL COST SHARE
DEVELOPMENT	**$350 K** Development share (35% benefit to future population)	**($3.5 K)** 1% cost assistance/deduction on Development share	**$346.5 K** Development responsibility
TOWN	**$650 K** Town share (65% benefit to current population)	**$3.5 K** Town contributes 1% assistance	**$653.5 K** Town responsibility

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PROPOSED DCC RATES

SUMMARY OF KEY CHANGES

- Addition of Water, Drainage, and Fire DCC Programs
- Consolidation of land use categories to better reflect impact on infrastructure and ease of administration
  - Review of equivalent factors to accommodate SSMUH-type development (e.g., Plexes, Detached accessory dwelling units)
- DCC program time horizons vary by expected timing of projects for each program (e.g., 10 year and 20-year programs)

PROPOSED DCC RATES

Land Use	Unit of Charge	Current DCC Rates	Draft DCC Rates *(1% MAF)*	% Increase
Low Density Residential	Per Lot	$5,992.07	**$30,792**	414%
Medium Density Residential	Per Dwelling Unit	$4,000.03	**$14,466**	262%
High Density Residential	Per m^2 GFA	$51.45	**$160.49**	212%
Commercial	Per m^2 GFA	$100.90	**$47.65**	-53%
Institutional	Per m^2 GFA	$46.54	**$68.09**	46%
Industrial	Per m^2 GFA	$3.58	**$29.18**	715%

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TRANSPORTATION PROGRAM

Service	Total Capital Costs *($M)*	Benefit Allocation *(%)*	DCC Recoverable *($M)*	Municipal Assist Factor *(%)*	Municipal Costs *(Benefit to Existing + 1% MAF) ($M)*
Transportation	13.0	20-100%	6.8	1%	6.2
Total	**$13.0M**		**$6.8M**		**$6.2M**

- 20-year time horizon
- Examples of projects include:
  - Intersection upgrades
  - Sidewalks
  - Roundabouts

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WATER PROGRAM

Service	Total Capital Costs *($M)*	Benefit Allocation *(%)*	DCC Recoverable *($M)*	Municipal Assist Factor *(%)*	Municipal Costs *(Benefit to Existing + 1% MAF) ($M)*
Water	3.6	50-100%	2.9	1%	0.7
Total	**$3.6M**		**$2.9M**		**$0.7M**

- 10-year time horizon
- Examples of projects include:
  - Watermain Tie-in
  - Watermain Looping
  - Water Master Plan

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SANITARY SEWER PROGRAM

Service	Total Capital Costs *($M)*	Benefit Allocation *(%)*	DCC Recoverable *($M)*	Municipal Assist Factor *(%)*	Municipal Costs *(Benefit to Existing + 1% MAF) ($M)*
Sanitary Sewer	8.7	20-100%	6.0	1%	2.6
Total	**$8.7M**		**$6.0M**		**$2.6M**

- 10-year time horizon
- Examples of projects include:
  - Western and Central Foreshore Upgrades
  - Pipe upsizing
  - Inflow & Infiltration Reduction
  - Sanitary Master Plan

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DRAINAGE PROGRAM

Service	Total Capital Costs *($M)*	Benefit Allocation *(%)*	DCC Recoverable *($M)*	Municipal Assist Factor *(%)*	Municipal Costs *(Benefit to Existing + 1% MAF) ($M)*
Drainage	0.4	100%	0.4	1%	0.004
Total	**$0.4**		**$0.4**		**$0.004M**

- 10-year time horizon
- Project list includes:
  - Stormwater Master Plan

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PARKS PROGRAM

Service	Total Capital Costs *($M)*	Benefit Allocation *(%)*	DCC Recoverable *($M)*	Municipal Assist Factor *(%)*	Municipal Costs *(Benefit to Existing + 1% MAF) ($M)*
Parks	9.5	20-100%	8.2	1%	1.3
Total	**$9.5M**		**$8.2M**		**$1.3M**

- 20-year time horizon
- Examples of projects include:
  - Parkland Acquisition
  - Playgrounds & Washrooms
  - Trail Development

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FIRE PROGRAM

Service	Total Capital Costs *($M)*	Benefit Allocation *(%)*	DCC Recoverable *($M)*	Municipal Assist Factor *(%)*	Municipal Costs *(Benefit to Existing + 1% MAF) ($M)*
Fire	2.3	20%	0.4	1%	1.8
Total	**$2.3M**		**$0.4M**		**$1.8M**

- 20-year time horizon
- Project list includes:
  - Fire Hall Expansion

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DCC CAPITAL COST SUMMARY

Service	Total Capital Costs *($M)*	DCC Recoverable *($M)*	Municipal Costs *(Benefit to Existing + 1% MAF) ($M)*
Transportation	13.0	6.8	6.2
Water	3.6	2.9	0.7
Drainage	0.4	0.4	0.1
Sanitary Sewer	8.7	6.0	2.6
Parks	9.5	8.2	1.3
Fire	2.3	0.4	1.8
Total*	**$37.4M**	**$24.7M**	**$12.7M**

**Values may not total due to rounding*

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DCC MUNICIPAL COST CONSIDERATIONS

Service	**Municipal Costs** *(Benefit to Existing + 1% MAF) ($M)*	**Program Time Horizon** *(years)*	**Municipal Cost Per year** *($)*
Transportation	6.2	20	309,268
Water	0.7	10	74,212
Sanitary Sewer	2.6	10	264,490
Drainage	0.004	10	400
Parks	1.3	20	65,622
Fire	1.8	20	90,893
Total*	**$12.7M**		**$804,885 (10 years) $339,102 (20 years)**

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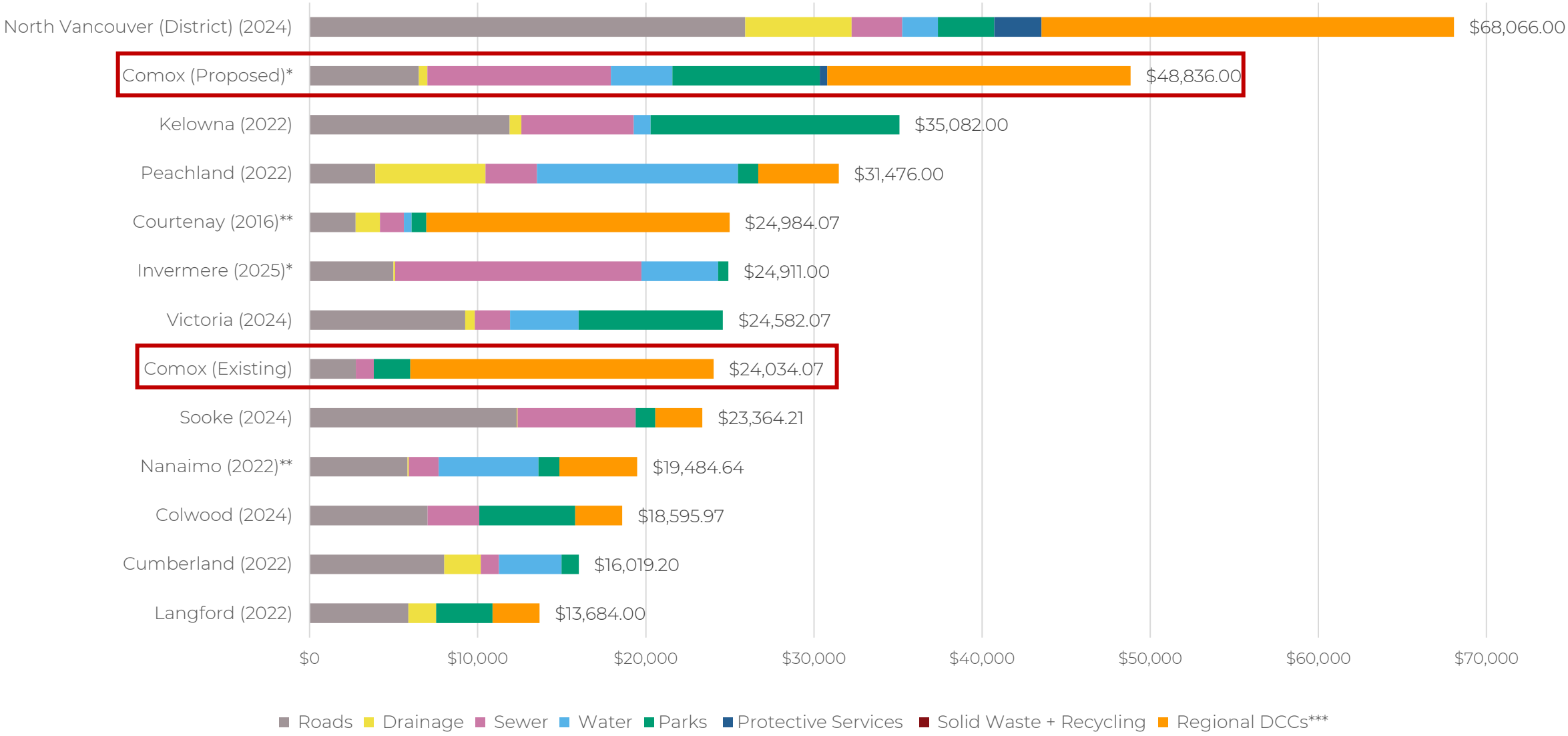
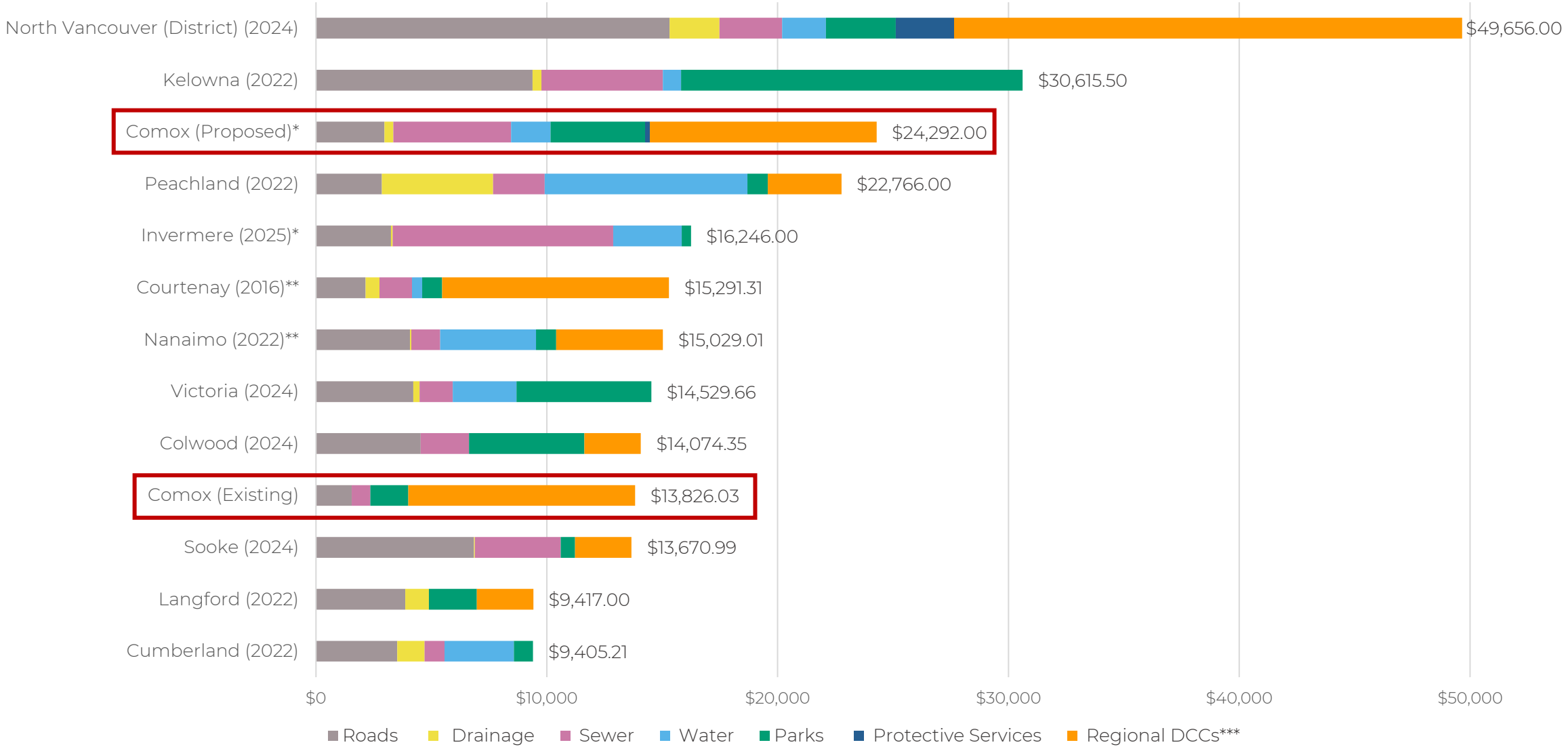
DCC COMMUNITY COMPARISONS

LOW DENSITY RESIDENTIAL (PER LOT)



Communities with proposed rates
***Communities undertaking update*
****CVRD Regional DCC draft rates are subject to change*

MEDIUM DENSITY RESIDENTIAL (PER DWELLING UNIT)



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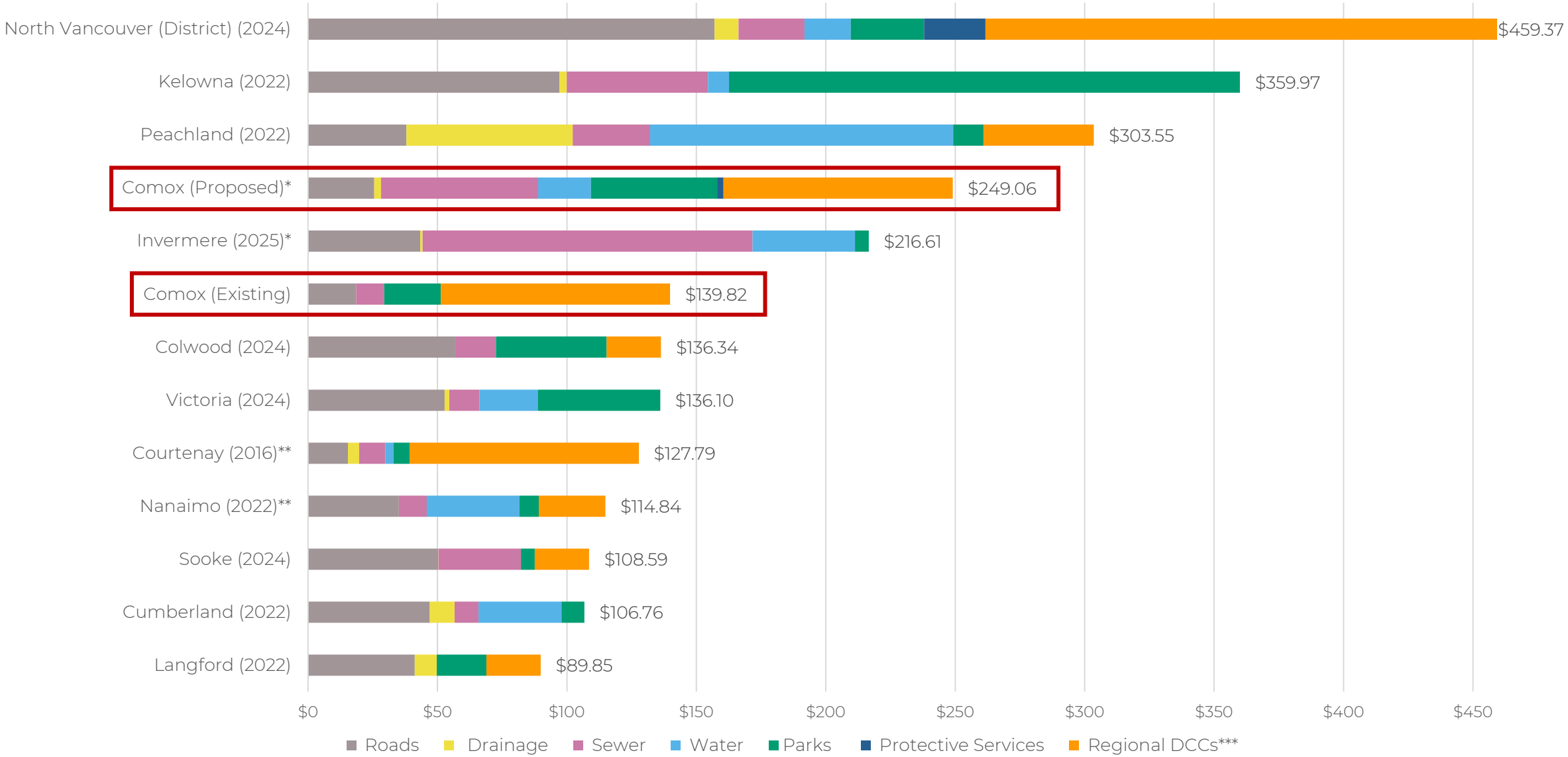
HIGH DENSITY RESIDENTIAL (PER SQUARE METRE GFA)



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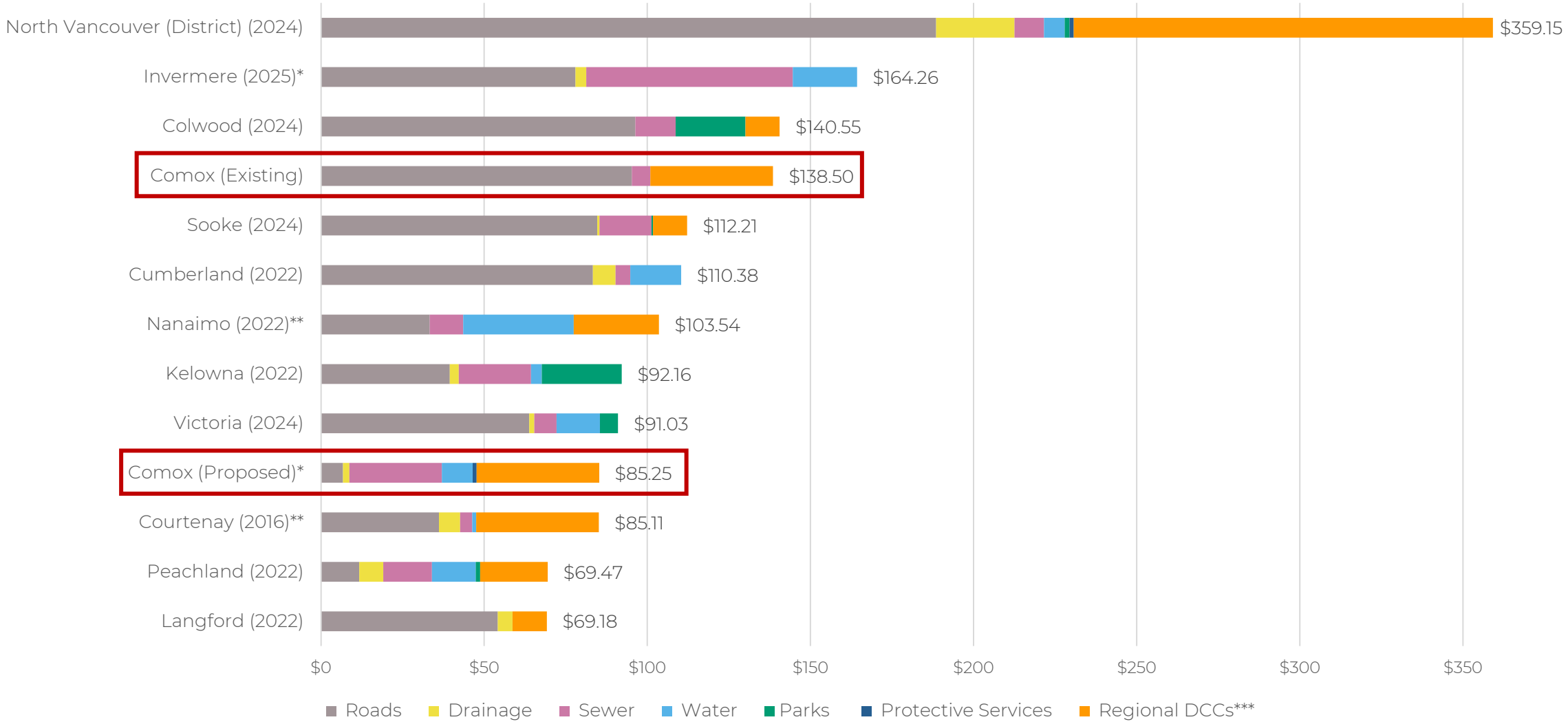
COMMERCIAL (PER SQUARE METRE GFA)



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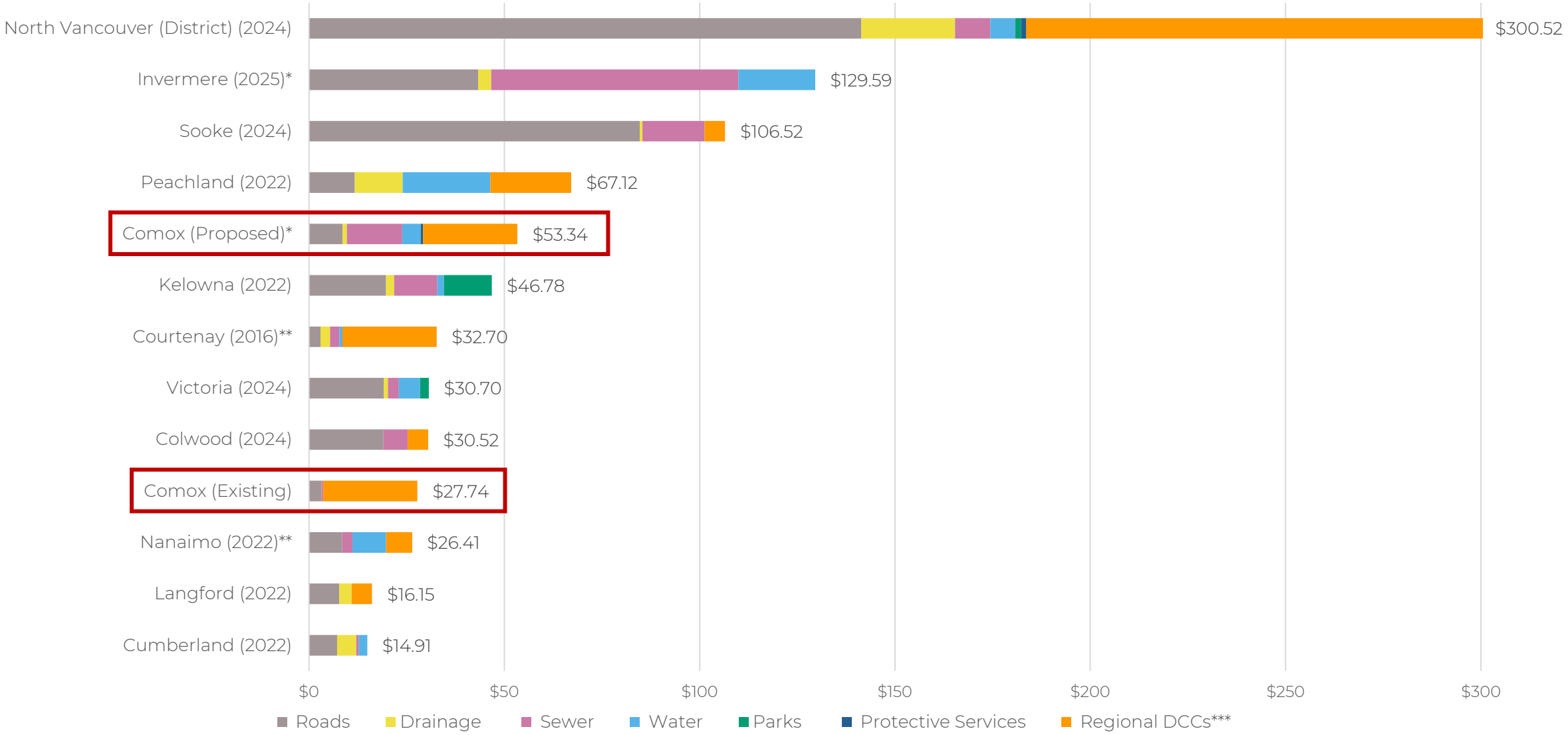
INDUSTRIAL (PER SQUARE METRE GFA)



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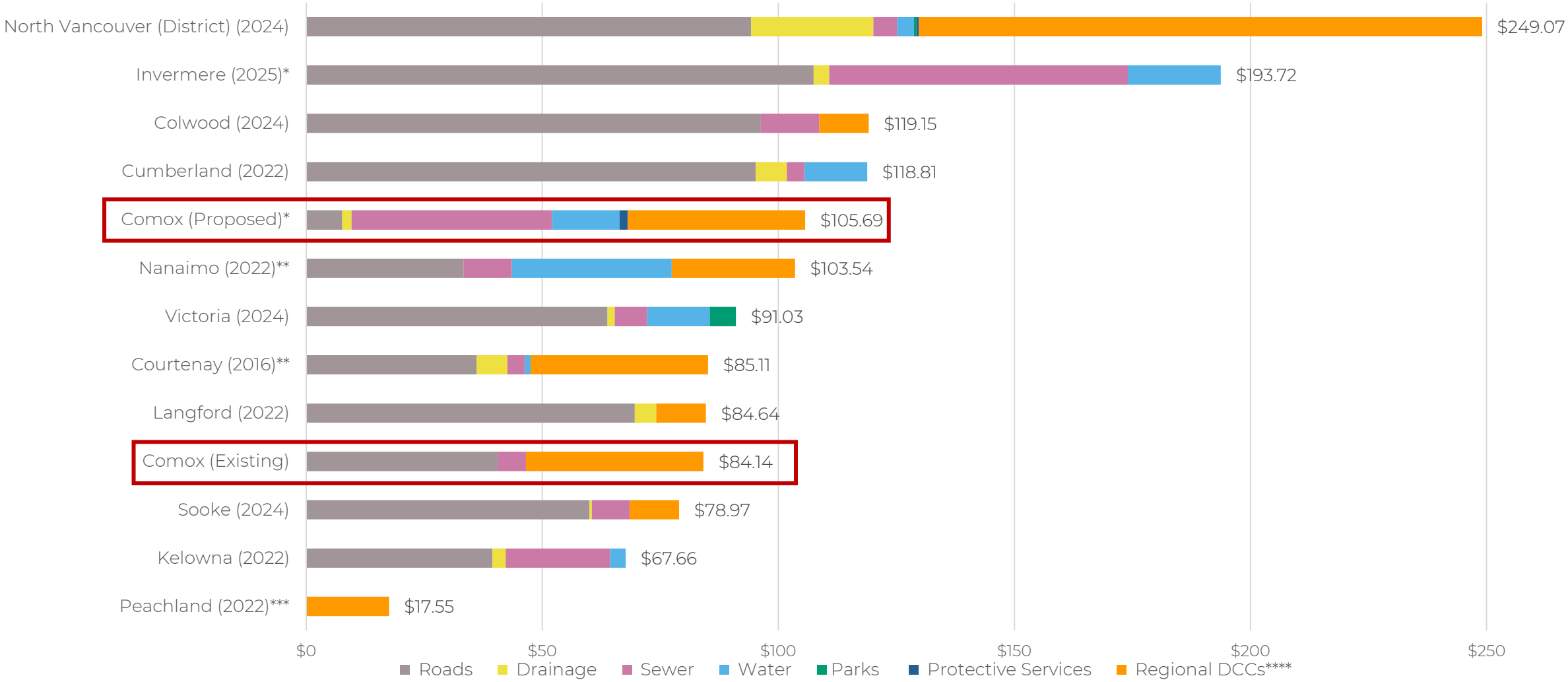
INSTITUTIONAL (PER SQUARE METRE GFA)



*Communities with proposed rates
**Communities undertaking update
***Peachland charges on a per bed basis, only regional charge is shown
****CVRD Regional DCC draft rates are subject to change

ACC OVERVIEW

DEVELOPMENT FINANCE TOOLS

- Development Cost Charges
- Amenity Cost Charges
- 5% Parkland Dedication
- Local Area Service Charges
- User Fees & Charges
- Works & Services Agreements
- General Revenue
- Latecomer Agreements
- Density Bonusing
- Community Amenity Contributions

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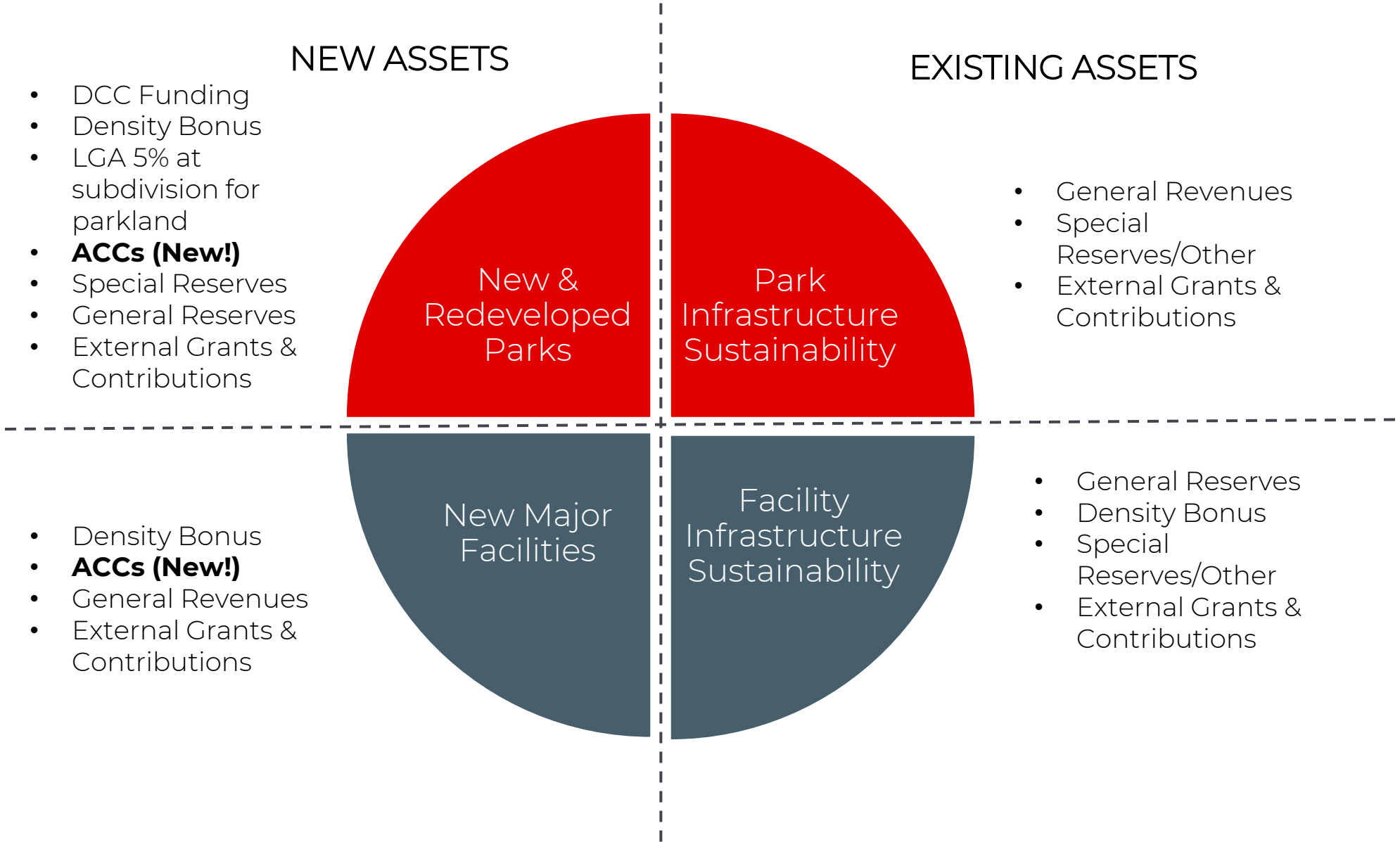
HOW DO WE PAY FOR PARKS & AMENITIES?

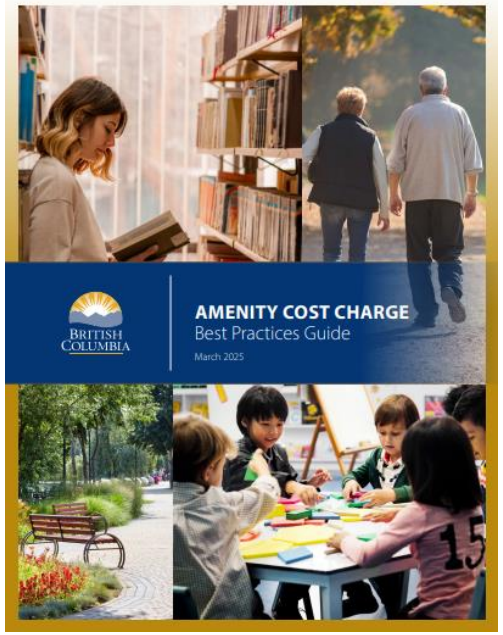


WHAT ARE ACCs?

- Help communities recover the **costs of amenities** that provide **social, cultural, heritage, recreational, or environmental benefits** to a community
- Closely resemble DCCs
  - Charges for **one-time capital costs**
  - **Growth-driven**
- Regulated by the Province
  - New legislation (Bill 46)
  - Division 19.1 of the *Local Government Act*
  - ACC Best Practices Guide (new!)

ACC BEST PRACTICES GUIDE – ITEMS OF NOTE

- Can only be used for capital costs
- Cannot be used to pay for housing of any kind
- Cannot be levied on “affordable housing” or “places of worship”
- Cannot be levied if a development doesn’t result in increased population of residents or workers
- Must be owned by local government or through a “partnering agreement”
- Approval by Inspector of Municipalities is not required
- Cannot overlap with DCCs, CACs, Density Bonusing – no “double charging”



WHAT WORKS CAN ACCs PAY FOR?

ACCs CAN BE USED TO FUND

Amenities (non-exhaustive)

- Community, youth, or seniors' centre
- Recreation or athletic facility
- Library
- Daycare facility
- Public square

ACCs CANNOT BE USED TO FUND

- Projects otherwise eligible for DCCs
- Projects needed to serve the **existing** population (deficiencies, asset replacement), i.e., **ACC projects must be growth-related**
- Operations and Maintenance Costs

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HOW IS THE ACC RATE DETERMINED?

GROWTH PROJECTIONS

Identify where more housing supply/growth is expected

Technical Inputs

IDENTIFY AMENITIES

Determine amenities needed, costs, and timing

Technical Inputs

ACC RATES

Prepare ACC program and determine ACC rates

Technical Inputs

CONSULTATION

Consult with stakeholders on the ACCs

Technical Inputs

BYLAW ADOPTION

Council Adoption of the ACC Bylaw

Policy Inputs

Note: Economic analysis to determine the impacts of the ACC program on development viability is now a requirement (extent of the analysis varies)

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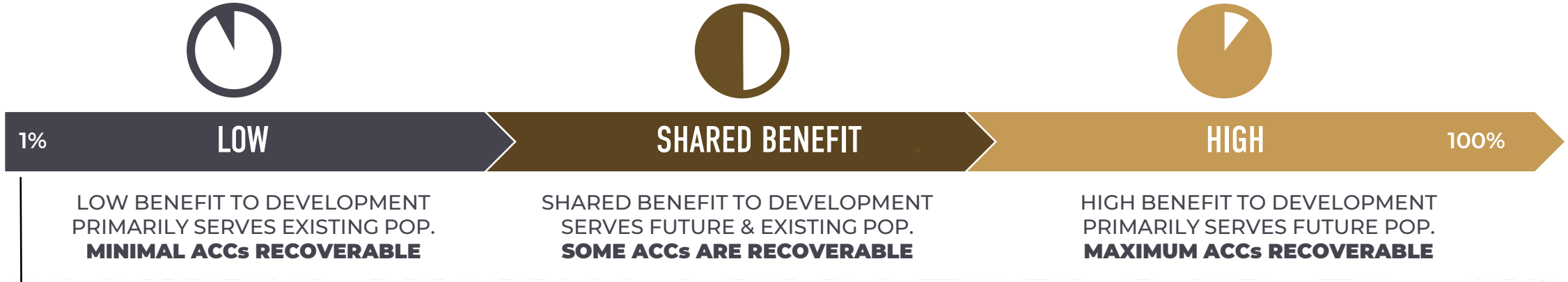
ALLOCATING BENEFIT

- A benefit allocation (%) is assigned to each project to reflect anticipated benefit to growth
- Ensures costs are shared equitably between the current and future population (benefiters)
- The benefit allocation can be determined based on the following methods:
  1. Population growth
  2. Technical analysis (capacity modelling)
  3. 'Rule of thumb'



Projects that are not growth-driven (i.e., 0%) are not eligible for ACCs

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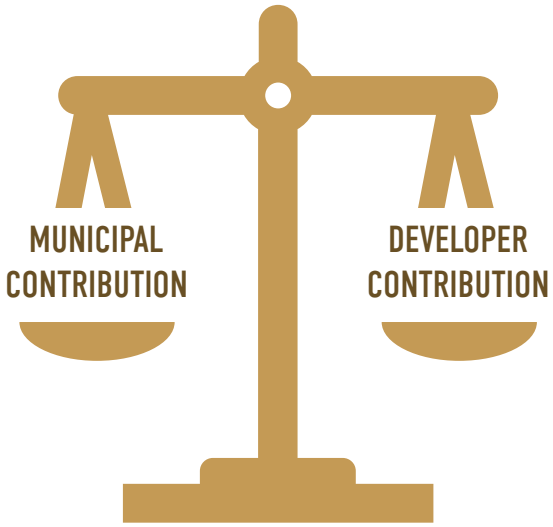
MUNICIPAL ASSIST FACTOR

- Legislation requires local governments to assist development for ACCs
- Assist amount must be made up through non-ACC revenue (general taxation)
- **Council has complete discretion** to set an assist factor between 1% (least assistance) and 99% (most assistance)
- The assist factor is can vary **by categories within the ACC program (e.g., daycares, libraries)**



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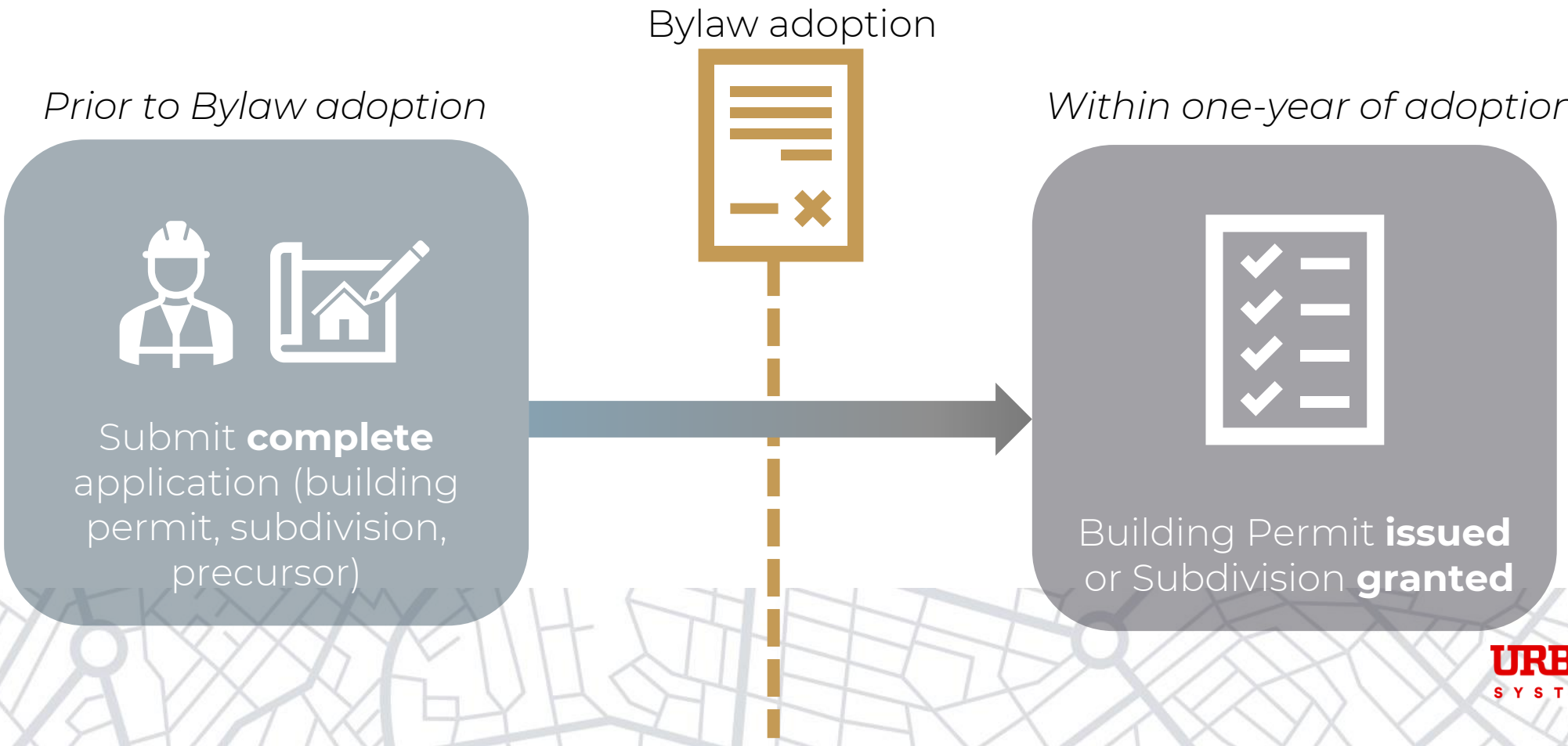
IN-STREAM PROTECTION

Active development applications are legislatively protected from ACC rate updates. To qualify the following timeline must be met:



PROPOSED ACC RATES

PROPOSED ACC RATES

Land Use	Unit of Charge	Draft ACC Rates *(1% MAF)*
Low Density Residential	Per dwelling unit	**$9,991**
Medium Density Residential	Per dwelling unit	**$4,671**
High Density Residential	Per m^2 GFA	**$55.58**
Commercial	Per m^2 GFA	*not charged*
Industrial	Per m^2 GFA	*not charged*
Institutional	Per m^2 GFA	*not charged*

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ACC PROJECT SUMMARY

- Village Field Master Plan
- Recreation Centre Expansion
- Basketball Courts
- Bike Skills Trail
- Covered Picnic Shelter
- Pathway Lighting
- Shade Structures

ACC CAPITAL COST SUMMARY

	Total Capital Costs *($M)*	**ACC Recoverable** *($M)*	**Municipal Costs** *(Benefit to Existing + 1% MAF) ($M)*
Amenities	10.20	9.31	0.89
Total*	**$10.2M**	**$9.3M**	**$0.9M**

**Values may not total due to rounding*

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ACC MUNICIPAL COST CONSIDERATIONS

	Municipal Costs *(Benefit to Existing + 1% MAF) ($M)*	**Program Time Horizon** *(years)*	**Municipal Cost Per Year** *($)*
Amenities	0.89	20	$44,700
Total*	**$0.9M**		**$44,700 (20 years)**

**Values may not total due to rounding*

- The combined ACC and DCC Municipal responsibility per year is:
  - $849,585 (10 years)
  - $383,802 (20 years)

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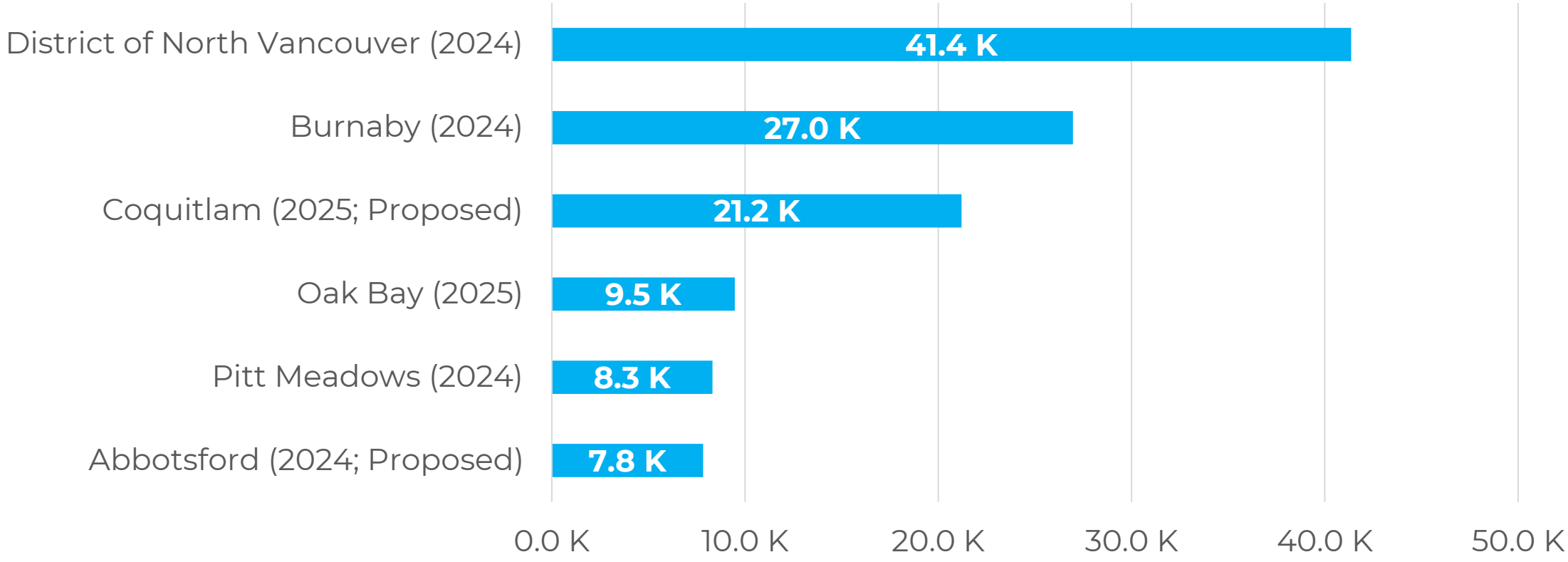
ACC COMMUNITY COMPARISONS

WHAT IS THE UPTAKE OF ACC BYLAWS?

- Communities that have proposed or adopted ACC rates:
  - Comox (Proposed) – *charged on residential uses*
  - Cumberland (Proposed) – *charged only on residential uses*
  - Abbotsford (Proposed) – *charged on all land use categories*
  - North Vancouver (District) – *only charged on residential uses*
  - Pitt Meadows – *only charged on residential uses*
  - Oak Bay – *charged on all land use categories*
  - Burnaby – *charged on all land use categories*
- All communities charge ACCs on a municipal-wide basis

LOW DENSITY RESIDENTIAL ACC EXAMPLES



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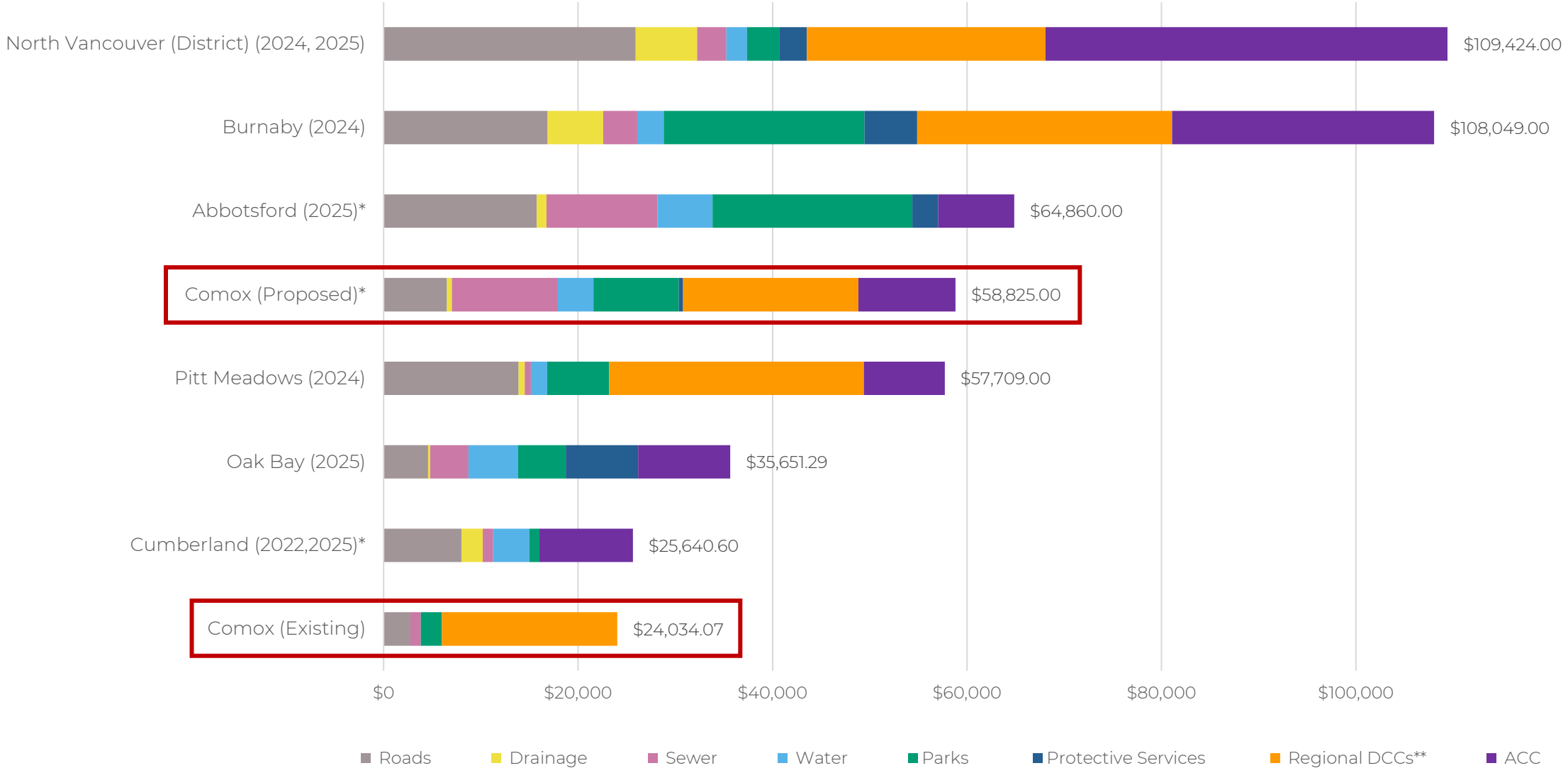
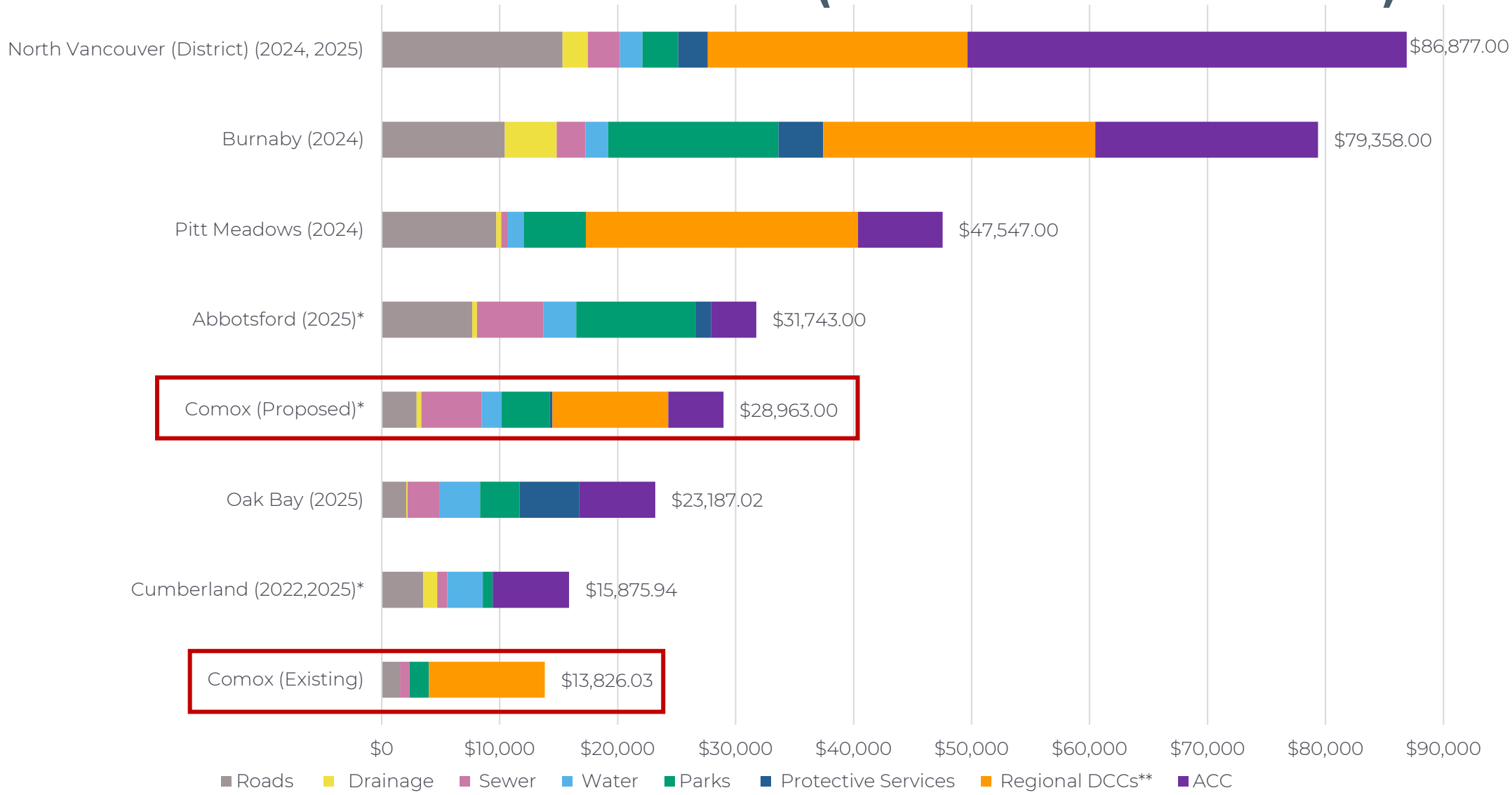
LOW DENSITY RESIDENTIAL (PER LOT)



*Communities with proposed ACC rates
** CVRD Regional draft rates are subject to change

MEDIUM DENSITY RESIDENTIAL (PER DWELLING UNIT)



Communities with proposed ACC rates
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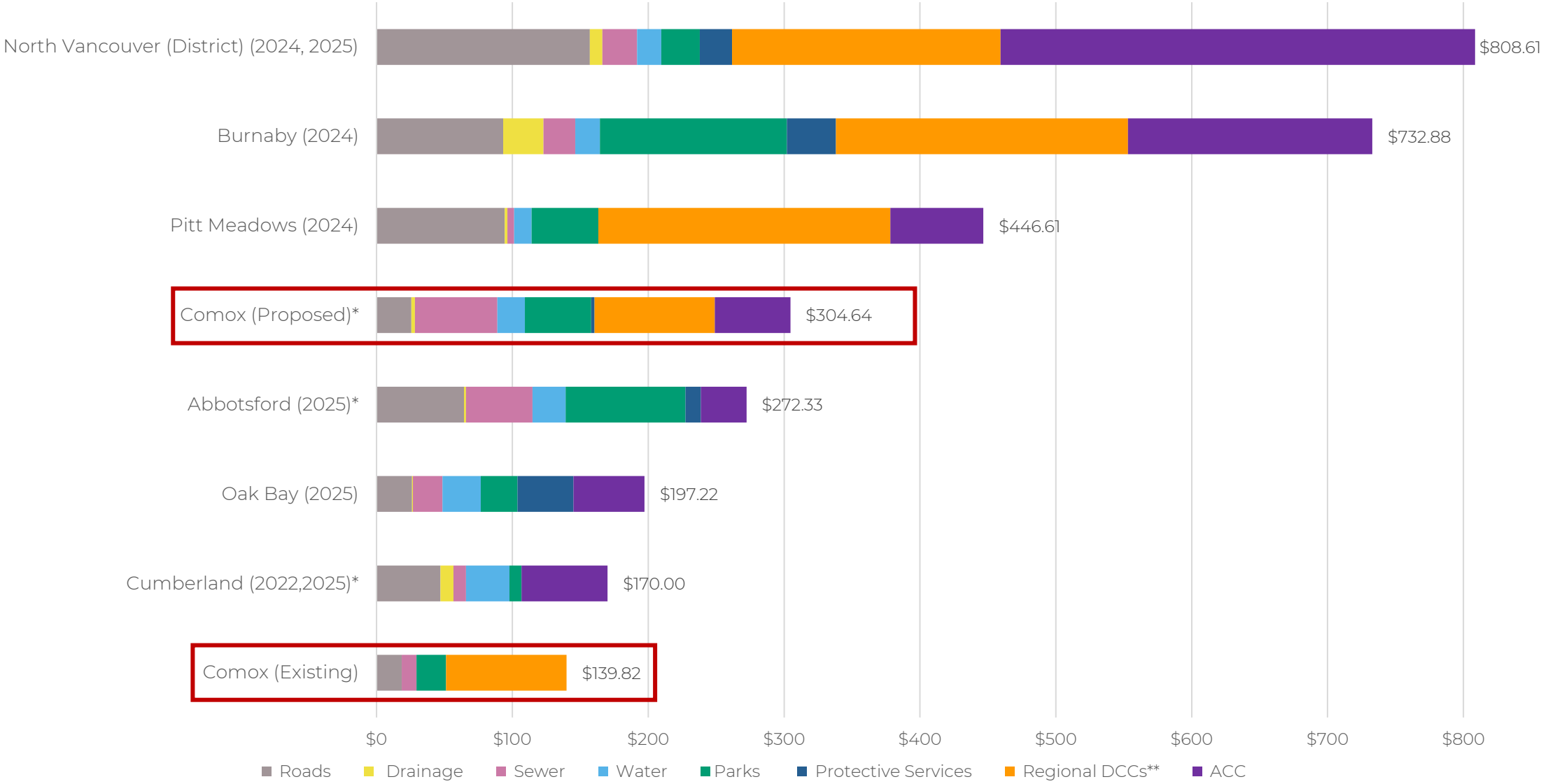
HIGH DENSITY RESIDENTIAL (PER SQUARE METRE GFA)



Communities with proposed ACC rates
*** CVRD Regional draft rates are subject to change*

ACC + DCC NEXT STEPS

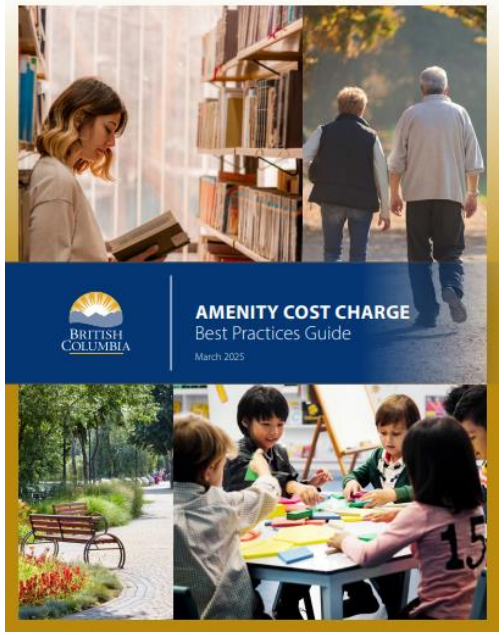
NEXT STEPS

- **Economic Analysis**
  - Local governments must consider whether ACCs are excessive in relation to the capital cost of prevailing service standards in the municipality
    - The Best Practices Guide encourages financial feasibility analyses for representative development scenarios
- **Interested Parties Consultation**
- **Council Engagement – Presentation** (Economic Analysis , Consultation Summary, Consideration of Bylaw Readings)

URBAN SYSTEMS

LAND ECONOMIC ANALYSIS

- ACCs and DCCs must not deter development or discourage reasonably priced housing or land development
- Legislation does not establish the type of analysis required; the new ACC Best Practices Guide provides direction on the extent of analysis
- Scope can range from a high-level qualitative assessment of market conditions to a more detailed analysis of several representative case studies and should be reflective of the magnitude of the proposed ACC
- The Lieutenant Governor may make additional regulations prescribing economic and other analyses



INTERESTED PARTIES ENGAGEMENT

- The ACC legislation requires local governments to consult with parties considered to be affected by an ACC bylaw, which includes:
  - General public
  - Council
  - Public authorities
  - Development community
- One or more opportunities are required
- Potential to join a regional stakeholder event with Courtenay, Comox, and the CVRD

DISCUSSION & QUESTIONS

COUNCIL RECOMMENDATION

STAFF RECOMMENDATION

Recommendation:

1. THAT the Development Cost Charge rates with a municipal assist factor of 1% be endorsed;
2. THAT Amenity Cost Charge rates with a municipal assist factor of 1% be endorsed; and
3. THAT the programs and draft rates be advanced to the public consultation phase as presented.

Alternative: Council provides staff with alternative direction regarding the assist factor or proposed projects.