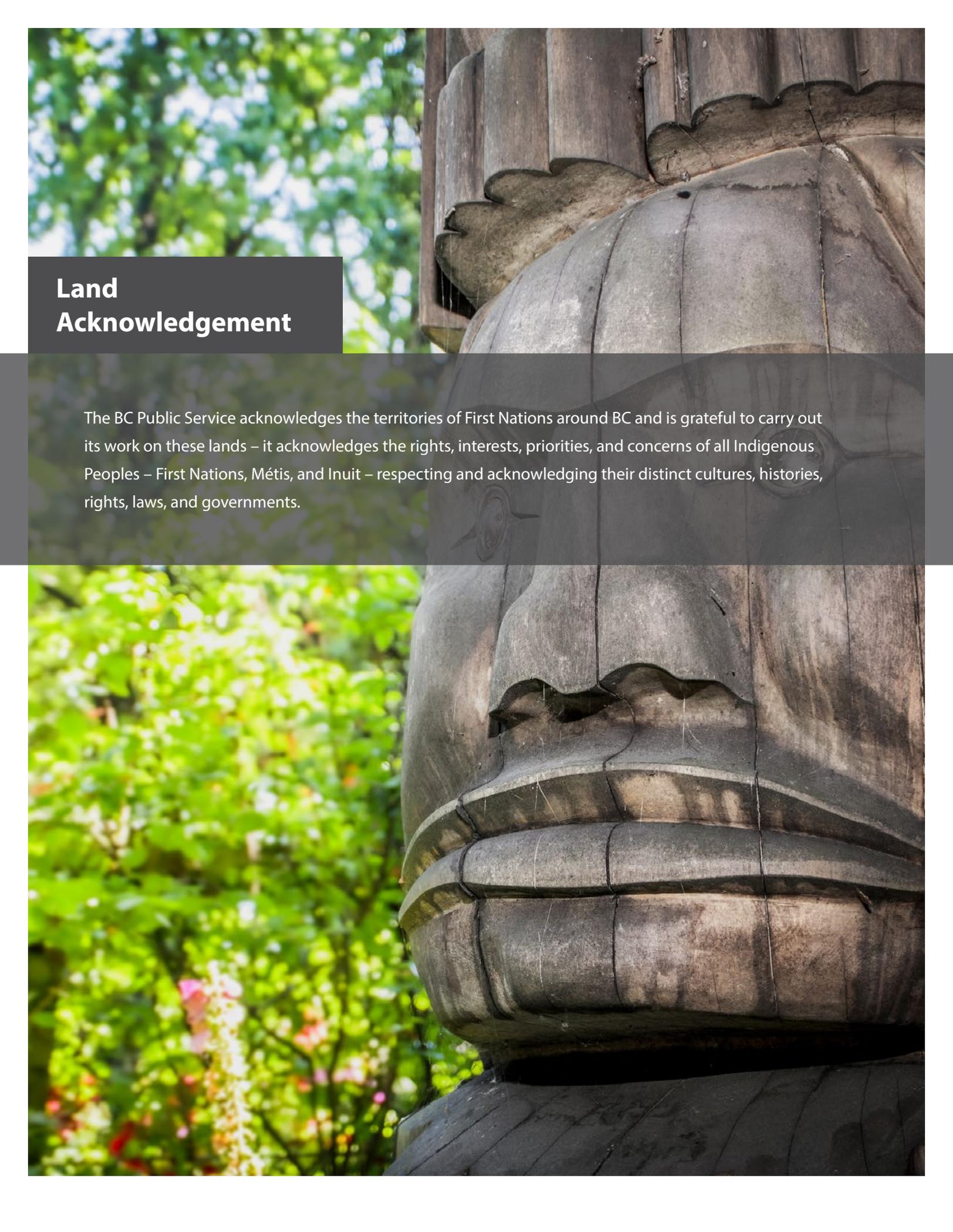


DEVELOPMENT COST CHARGE

Guide for Elected Officials

April 2025





Land Acknowledgement

The BC Public Service acknowledges the territories of First Nations around BC and is grateful to carry out its work on these lands – it acknowledges the rights, interests, priorities, and concerns of all Indigenous Peoples – First Nations, Métis, and Inuit – respecting and acknowledging their distinct cultures, histories, rights, laws, and governments.

Acknowledgements and Preface

The *Development Cost Charges Guide for Elected Officials* (“the guide”) is designed to assist elected officials in navigating the decision-making process for developing and implementing a Development Cost Charges (DCC) bylaw.

The best practices in the guide were developed through collaboration between the province, local governments, and the development community.

A companion document, the *Development Cost Charges Best Practices Guide*, provides a more detailed review and information about the technical aspects of DCCs. Both documents are available electronically via the British Columbia Government website at www.gov.bc.ca.

Enquiries

The *Development Cost Charges Guide for Elected Officials* is the responsibility of the Ministry of Housing and Municipal Affairs. Enquiries regarding this material should be directed to:

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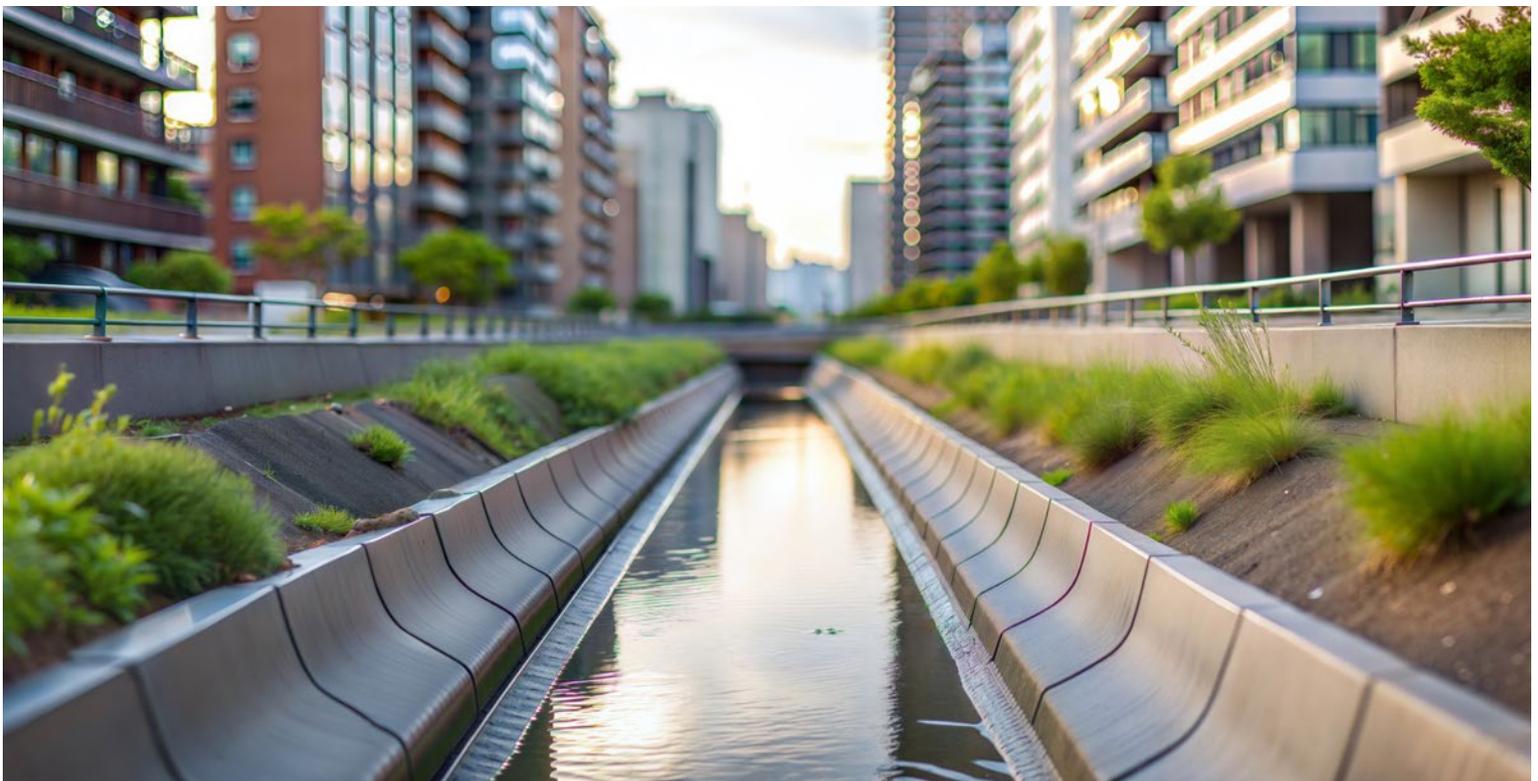
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Disclaimer

The information contained in the *Development Cost Charges Guide for Elected Officials* is provided as a general reference. While all attempts have been made to ensure the accuracy of the material, the guide is not a substitute for legal advice.

Please refer directly to the latest consolidation of provincial statutes at BC Laws (www.bclaws.ca) for specific development finance-related provisions and requirements within the *Local Government Act*, the *Community Charter*, the *Vancouver Charter*, and the *Offence Act*.



Introduction

The Province established a regulatory framework for Development Cost Charges (DCCs) for local governments to fund the infrastructure to support new development.

Many communities in British Columbia are facing significant development pressure, which requires expanding existing or installing new infrastructure systems, to support new development and its demand on utilities and services. The costs associated with these infrastructure requirements create significant cost burdens for the public.

Local government may require that development share these costs, under the “benefiter pays” principle. A range of development finance tools exist to enable local governments to collect a portion of growth-related expenditures from development. Development Cost Charges (DCCs) represent one such tool.

This guide is designed to help local government elected officials understand their role throughout the process of preparing and implementing DCC bylaws. It complements the *Development Cost Charges Best Practices Guide* and other guidance on funding tools available under Provincial legislation.

What are DCCs?

- DCCs are one-time charges that allow local governments to collect funds for providing, constructing, altering, and expanding facilities needed to accommodate growth.

This includes highway facilities, sewage facilities, water facilities, drainage facilities, fire protection facilities, police facilities, solid waste and recycling facilities, and parkland acquisition and improvement.

- DCCs are collected at building permit or subdivision approval on both residential and non-residential development, such as institutional, commercial or industrial developments.
- DCCs fund capital costs, including planning, engineering and legal costs related to providing services as well associated interest costs that are approved by the Inspector of Municipalities.
- DCCs must be adopted by bylaw and comply with applicable legislation and regulations. DCC bylaws require approval from the Inspector of Municipalities.



Why Are DCCs Important?

- DCCs are a development finance tool used to ensure new developments contribute to the cost of infrastructure that serves growing communities.
- DCCs reduce the burden on existing taxpayers of servicing new development.
- DCCs help create predictable and transparent funding for facilities under a common set of rules and charges applicable to all development within a community.

Your Role as an Elected Official in Developing and Adopting DCC Bylaws

The key steps in developing and adopting a DCC bylaw are outlined below, with an emphasis on your role as an elected official throughout the process. While this four-step process represents a typical approach, the specific steps taken by your staff may vary. Please refer to the *Development Cost Charges Best Practices Guide* for full and comprehensive information on the development of DCCs.

STEP 1: Developing the DCC Background Report and Information

This step is led by staff, with direction and input from elected officials

This early stage focuses on conducting the background work necessary to inform the development of a DCC bylaw. Staff work during this phase will be focused on:

- **Identifying broader planning documents**
Staff will determine which planning documents, such as Housing Needs Reports, Financial Plans, Official Community Plans, Capital Plans, Asset Management Plans, and Master Servicing Plans should inform the DCC bylaw. The Financial Plan and DCC program should align where the Financial Plan includes details about specific projects.
- **Establishing development forecasts**
Staff will estimate the amount, type, and location of future development over a specified future period (e.g. 10 years, 20 years).
- **Identifying growth-related facilities and infrastructure**
Staff will propose the specific infrastructure required to accommodate that development as identified in the development forecast.

■ **Estimating costs of infrastructure**

Staff will work with technical experts to ensure cost estimates are fair and feasible. Infrastructure projects identified for DCC purposes may include costs related to planning, engineering, land acquisition, interim financing, contract administration, and public consultation. However, the cost of long-term debt financing cannot be included in a DCC bylaw without pre-approval from the Inspector of Municipalities.

■ **Allocating costs to growth and existing users**

Not all DCC-funded projects will serve only new developments; some will also benefit existing users. Development is expected to pay only for the portion of the infrastructure that it requires, and the existing users are expected to pay for the portion which they receive benefit from.

■ **Assigning costs to land use types**

Once the costs have been allocated between existing users and future development, the portion attributable to development is assigned to the various types of development (residential, commercial, industrial and institutional) that are projected to occur. The allocation of costs should reflect the relative demand of each type of development on the required infrastructure.

■ **Converting costs into DCC rates**

The assigned infrastructure costs are converted into actual DCC rates by dividing the total costs assigned to each type of development by the number of projected development units expected over the DCC time frame.

■ **Applying the assist factor**

Staff will develop recommendations regarding the assist factor. The assist factor is chosen by elected officials and is the contribution that the existing users provide to assist development in paying for their share of the cost of service. This contribution is in addition to the portion of the infrastructure cost that is allocated to the existing users and must be at least one percent. The assist factor will reduce the DCC rates by the specific level of assistance chosen.

■ **Evaluating potential development impact**

Staff will evaluate and advise elected officials whether proposed DCCs will deter development, discourage the construction of reasonably priced housing, discourage the provision of reasonably priced serviced land or discourage development designed to result in a low environmental Impact. Adjustments by elected officials





to the assist factor or providing a grace period or phasing in of DCC rates could be considered at this stage.

■ **Conducting early engagement with affected parties**

Staff will identify and consult with developers, non-profit organizations, and the public to gather information.

Step 1: Your Role as an Elected Official

During this early phase, staff will provide regular updates to elected officials on the items listed above. You may be asked to provide feedback on which infrastructure should be prioritized, share the perspectives of your constituents, and provide direction on alignment with broader planning documents and local government policies.

STEP 2: Drafting the DCC Bylaw

This step is led by staff, with input and direction from elected officials

This phase focuses on drafting the DCC bylaw, ensuring it is clear, equitable, and compliant with legislative requirements that build on the findings from developing the background report, early engagement, and direction from elected officials. Staff will lead the technical work, while elected officials will provide input and direction throughout the process. Key activities include:

■ **Reviewing findings from early consultation**

Staff will analyze feedback and propose additional consultation or engagement plans as needed.

■ **Identifying provisions for exemptions, waivers, and reductions**

Staff will outline statutory exemptions as well as potential discretionary exemptions and waivers and reductions for eligible developments.

■ **Ensuring compliance with the *Local Government Act***

Staff are responsible for confirming that the bylaw meets all legislative requirements.

Step 2: Your Role as an Elected Official

As the bylaw is developed, staff will provide regular updates and present key decision points for you. These updates will cover considerations such as which facilities should be included, how charges should be calculated (e.g., per unit, per square metre, per site area), the areas where the bylaw should apply, and potential waivers and reductions, potential waivers or exemptions (e.g., for affordable housing projects), as well as findings from early engagement. Staff will ensure you have opportunities to review options, provide input, and make informed decisions before the bylaw is finalized and brought forward for adoption.

STEP 3: Public Consultation and Engagement

This step is led by staff, with input and direction from elected officials

This phase ensures transparency and allows for meaningful input from affected parties before finalizing the DCC bylaw. It provides an opportunity to refine the bylaw based on community needs and concerns. Staff will lead this phase of work and will focus on:

■ Holding engagement sessions in person or online

Staff will present the DCC framework and collect feedback from affected parties. A background report detailing the method and inputs into the DCC calculations may be made publicly available.

Consultation is important to ensure transparency and will aid in the approval of the DCC bylaw by the Inspector of Municipalities.

■ Identifying concerns

Staff will assess issues raised by developers, non-profit organizations, advocacy organizations, businesses, and community members.

■ Making bylaw adjustments

Staff will revise the bylaw as necessary based on feedback and direction from the council/board.

Step 3: Your Role as an Elected Official

Staff will compile findings from the consultation process, including feedback themes and proposed adjustments, and present them to elected officials for review and direction. As an elected official, your role may include attending public meetings to hear community feedback, ensuring that concerns from developers, non-profits, businesses and residents are carefully considered, and requesting clarification or adjustments from staff if any concerns arise. Once the consultation phase is complete and necessary adjustments are made, the bylaw may move to the final stage for consideration and adoption.

STEP 4: Council/Board Approval Process

In this step, staff present the bylaw, and elected officials give feedback and make decisions leading up to the final adoption of the DCC bylaw

The final step in adopting the DCC bylaw involves a structured approval process through the Inspector of Municipalities and adoption of the bylaw by the council/

board. This phase ensures that you as an elected official have a final opportunity to review, discuss, ask questions, and approve the bylaw before it is adopted. The key stages in this process include:

■ First Reading:

The draft DCC bylaw and background report is formally introduced to council/board by staff.

Staff present an overview of the bylaw, including key provisions, the proposed DCC rates, and a summary of work conducted to date.

Elected Officials discuss and provide feedback. You may ask for revisions at this point.

■ Second and Third Readings:

Staff present the bylaw again, with any revisions that were requested after first reading.

Debate and discussion will ensure the bylaw aligns with growth planning objectives, affordability considerations, and legislative requirements.

If necessary, revisions are made before final approval.

■ Submit DCC Bylaw to Inspector of Municipalities

Submit the DCC bylaw to the Inspector of Municipalities for approval.

■ Bylaw Adoption:

Once the Inspector has approved the DCC bylaw, the DCC bylaw may be formally adopted.

Step 4: Your Role as an Elected Official

After the DCC Bylaw is adopted, staff will monitor implementation and report to elected officials, ensuring the bylaw remains effective and aligned with community needs. Although staff will administer the DCC funds, you as an elected official will continue to play an important role in overseeing their use and ensuring they align with the broader financial sustainability objectives of your local government.

Your Role as an Elected Official to Ensure Alignment and Fairness

As an elected official, your primary role in developing and implementing DCCs is described in the previous section; however, there are additional matters you need to be aware of.



Elected officials play a role in ensuring that DCCs align with community priorities and financial principles of integration, benefiter pays, fairness and equity, accountability, certainty, and with consultative input, as outlined in the Guiding Principles section of the *Development Cost Charges Best Practices Guide*.

Consider the following key considerations to guide your decision-making process.

Policy and Planning Alignment

- Consider grace periods and in-stream protections and how this will affect projects and the collection of funds.
- DCCs should align with broader local government planning documents such as OCPs, Financial Plans, and Housing Needs Reports.
- DCCs should align with your local government's broader financing strategy, and elected officials should consider how DCCs interact with other development finance tools such as:
 - Amenity Cost Charges
 - Local improvements
 - Specified areas
 - User fees and charges
 - Short-term borrowing
 - Long-term borrowing
 - Comprehensive development agreements

Setting Fair and Effective DCC Rates

- DCCs must balance financial sustainability with development viability. Charges should be set at a level that ensures growth-related costs are covered and do not deter development.
- As an elected official, you will need to be aware of the results of the financial feasibility analysis in the background report prepared by staff to broadly understand the impacts of the proposed charges including how the assist factor influences the portion of costs allocated to new development versus existing funding sources such as property taxes or utility fees.
- It is important to understand why DCCs are being imposed jurisdiction-wide or in specific areas. Charges should be based on where growth is occurring and the nature of the proposed infrastructure needed to support it.
- DCC rates should be based on sound financial analysis, including projections of future development, cost estimates for planned facilities, and affordability considerations for developers, businesses and residents. DCC-funded facilities should adequately service the needs of future development.
- DCC rates must be set with consideration for whether the charges will deter development or discourage construction of reasonably priced housing or the provision of serviced land or discourage development designed to result in a low environmental impact.



- Waivers and reductions may be created by separate bylaw to support future development.
- Staff should ensure that DCCs are structured equitably. Charges should be fairly distributed based on the expected servicing needs of different development types (e.g., residential and non-residential).

Engagement and Consultation

- The *Local Government Act* does not require local governments to consult with developers, community groups, and other affected parties and there is no mandatory public consultation process in the DCC legislation.
- Engaging with affected parties, however, can help local governments demonstrate that they have adequately considered whether the DCCs are excessive, deter development, or discourage the construction of reasonably priced housing, as these factors are reviewed by the Inspector of Municipalities when considering approval of a DCC bylaw. Ensure a meaningful engagement process is conducted, including how stakeholders will be notified of meetings and when information will be made available for public review.
- Consider the perspectives of developers, businesses, residents, and non-profit organizations when setting DCCs to ensure policies are practical and do not create unintended barriers to development.

Financial Sustainability and Administration

- DCC revenues must be placed in reserve funds for each purpose and used only for capital projects within the DCC program.
- It is likely that there will need to be regular updates to the DCC bylaw to reflect changes in development patterns, infrastructure costs, and priorities.
- Ensure monitoring and reporting mechanisms are in place to track DCC collections, expenditures, and the effectiveness of the bylaw over time. You will receive an annual report from staff by June 30 each year. The Inspector of Municipalities may require a report on the status of DCC collections, expenditures and proposed expenditures.

Additional Considerations for Elected Officials

What is a Grace Period?

A grace period is a timeframe provided in the DCC bylaw by a local government to notify affected parties of upcoming changes to DCCs. A grace period is a delayed effective date after the adoption of a new DCC bylaw and can typically last up to a year, although a set duration is not mandated by the *Local Government Act*. The purpose of the grace period is to give developers time to adjust to the new rates and prepare for future changes.

How Does In-Stream Protection Work?

The *Local Government Act* includes provisions to protect development applications that are already in progress (“in-stream” or “precursor applications”) from being subject to new or updated charges.

When a local government adopts a DCC bylaw, the charges do not apply to any development with a complete application submitted before the bylaw’s adoption. This includes applications for a subdivision, building permit, development permit, or zoning bylaw amendment.

Developers who have submitted complete applications for a subdivision, building permit, development permit, or zoning bylaw amendment are granted a 12-month period where the new DCC rates have no effect (starting from the date the DCC bylaw is adopted). This 12-month period applies as long as the applicant obtains their approval within that period.

It is important to distinguish between the in-stream protection and grace period:

- **In-Stream Protection:** A legal mechanism that safeguards certain projects from sudden changes in DCC rates, provided developers meet specific timing criteria for subdivision and building permit applications.
- **Grace Period:** A transition tool designed to ease affected parties into new DCC rates by providing advance notice and time for adaptation.

Both serve transitional purposes: in-stream protection actively protects specific projects based on their application timing, while the grace period broadly targets all affected parties.

When are DCCs Collected?

DCCs are collected either at the time of subdivision approval or when a building permit is issued.

Elected officials should consider when facilities need to be built during development and how early or late payments affect developers’ costs when deciding when to collect DCCs. There may be a financial advantage to collecting DCCs at subdivision approval rather than building permit.

How are DCC Funds Managed?

Local governments are required to deposit DCCs into reserve funds established by bylaw for each purpose in which DCCs are collected to enhance transparency and accountability. These reserve funds, including any accrued interest, can only be used to pay:

- the capital costs of providing, constructing, altering, or expanding eligible DCC facilities, with the exception being that interest earned on parkland DCCs may be used for parkland improvements not directly or indirectly related to new development;
- the principal and interest on debt incurred because of an expenditure; and,
- a person subject to a DCC for some or all of the capital costs they have incurred in completing a project, provided the project was completed under an agreement and the project is included in the DCC calculation.

When Can Interest be Included in a DCC?

Interest costs for borrowing necessary to finance DCC projects in advance of receiving sufficient DCCs may be included with approval by the Inspector of Municipalities. A DCC bylaw including interest costs must include additional information for consideration by the Inspector and must demonstrate an exceptional circumstance.

What are the Reporting Requirements for DCCs?

Local Governments are required to prepare an annual report describing the collection and use of DCC funds before June 30 of each year. Staff will prepare and present this report to elected officials. Afterwards, the report must be publicly accessible by June 30 of the following year.

What is a DCC Credit?

If a local government allows a developer to provide DCC eligible assets on its behalf, a proportionate reduction in DCCs is provided as a credit or rebate. A credit should also be provided for existing buildings which have already paid DCCs if they are redeveloped (e.g., conversion of a single-family dwelling to a townhouse).

How is the DCC Program Monitored and Updated?

Ongoing monitoring and review of the DCC bylaw should be conducted by staff. It will be important to regularly consider whether the DCC bylaw needs to be updated to reflect changes in growth patterns, changes in the estimated costs of facilities, or new infrastructure and facilities that need funding. Local governments may index the DCC rates annually based on the previous year’s CPI increase for up to four years after the bylaw is enacted. Indexing of the DCC rates does not require approval from the Inspector of Municipalities.

How do DCCs Work Together with ACCs?

Local governments may collect ACCs to fund amenities, such as libraries, recreation centres, and daycares required to support growth. There is a clear distinction between the services and amenities that can be funded by ACCs and those eligible for DCCs:

- **DCCs** fund engineering services (water, sewer, roads, and drainage), protection services (fire and police), parks (parkland), and waste management (solid waste and recycling). ACCs cannot be used to fund these services.
- **ACCs** fund a broader set of amenities, such as community centres, recreation facilities, libraries, daycares, and public spaces, as defined in the *Local Government Act*. DCCs cannot be used to fund these amenities.

ACCs cannot be used to fund services and projects that receive DCC funding (see Table 1: Difference between ACCs and DCCs).

What Should Elected Officials Consider When Providing DCC Waivers or Reductions?

When deciding on discretionary waivers and reductions, elected Officials should begin by clarifying their objectives for financial assistance. Two key questions can guide this process:

1. *Where will financial incentives make a difference?*

Incentives should target developments that would not be financially viable without assistance. The focus should be on developments where waivers or reductions enable feasibility.

2. *What types of eligible developments align with municipal objectives?*

Elected officials should prioritize incentives for eligible projects that support goals outlined in the OCP and other strategic council/board policies.

Table 1
Difference Between DCCs and ACCs

	Development Cost Charges (DCCs)	Amenity Cost Charges (ACCs)
Can be levied to recover costs for:	<ul style="list-style-type: none"> • Water • Sewer • Drainage • Highway Facilities • Parks Acquisition and Improvements • Fire Protection • Police • Solid Waste Facilities • Recycling Facilities 	Any "Amenity" that provides social, cultural, heritage, recreational and environmental benefits, including but not limited to: <ul style="list-style-type: none"> • Community, youth or seniors' centres • Recreation or athletic facilities • Libraries • Daycare facilities • Public squares
Inspector of Municipalities Approval:	Required for bylaw passage	Not required <i>(Inspector may request information)</i>
Consultation Requirement:	Not required by legislation <i>(but will be considered as part of Inspector review)</i>	Consultation with public and affected persons, public authorities and organizations must occur one or more times



Elected officials may develop a separate bylaw, without Inspector approval, that defines certain types of rental housing and green developments for which DCCs may be waived or reduced. By prioritizing projects that balance financial feasibility with policy objectives, Elected officials can maximize the impact of DCC waivers or reductions while avoiding inefficient resource allocation. A strategic approach ensures these measures promote sustainable growth while advancing council/board priorities. When used effectively, waivers and reductions can enhance project viability while aligning with community needs and policy goals.

Note that DCCs and other development financing tools (such as Inclusionary Zoning and Density Bonus) are interconnected. Therefore, decisions to waive or reduce DCCs must also account for several key factors:

- **Cumulative Impacts of Charges:** Different development financing tools can collectively influence project feasibility. Staff will provide an analysis of the combined impact of DCCs, ACCs and other charges on various development types, including market-rate housing, affordable housing, and commercial projects.
- **Financial Impacts:** Revenue shortfalls from DCC waivers or reductions cannot be offset by increasing charges on non-exempt developments. Elected officials must consider that any waived amount must be covered by alternative funding sources, typically property taxes. Balancing the need for development incentives with the financial impact on residents is a critical consideration.

Conclusion

DCCs are derived from the technical and policy work directed by elected officials and carried out by staff in Official Community Plans, zoning bylaws and other planning exercises that help define the character of a community as it grows. However, elected officials need to understand the two significant places in which they insert themselves into the process of determining DCC amount. The first is the assist factor, which allows elected officials to relieve of a portion of the costs to be recovered by DCCs. The second is waivers and reductions, which allow elected officials to further relieve certain types of developments of some or all of the remaining charges. DCCs help fund infrastructure to support growth while ensuring fairness and financial sustainability. Keep in mind:

- **Evaluating all funding options:** DCCs are one of many tools available to support infrastructure and services; consider the best approach for each development situation.
- **Aligning with growth priorities:** DCCs should support long-term planning goals without creating barriers to development or affordability.
- **Ensuring fairness and transparency:** Charges should be equitably distributed, based on clear financial analysis and engagement.
- **Reviewing and updating regularly:** DCC bylaws should be monitored and adjusted as community needs and infrastructure costs evolve.

By applying these principles, you can help manage growth responsibly while balancing the needs of new development and existing taxpayers.

