

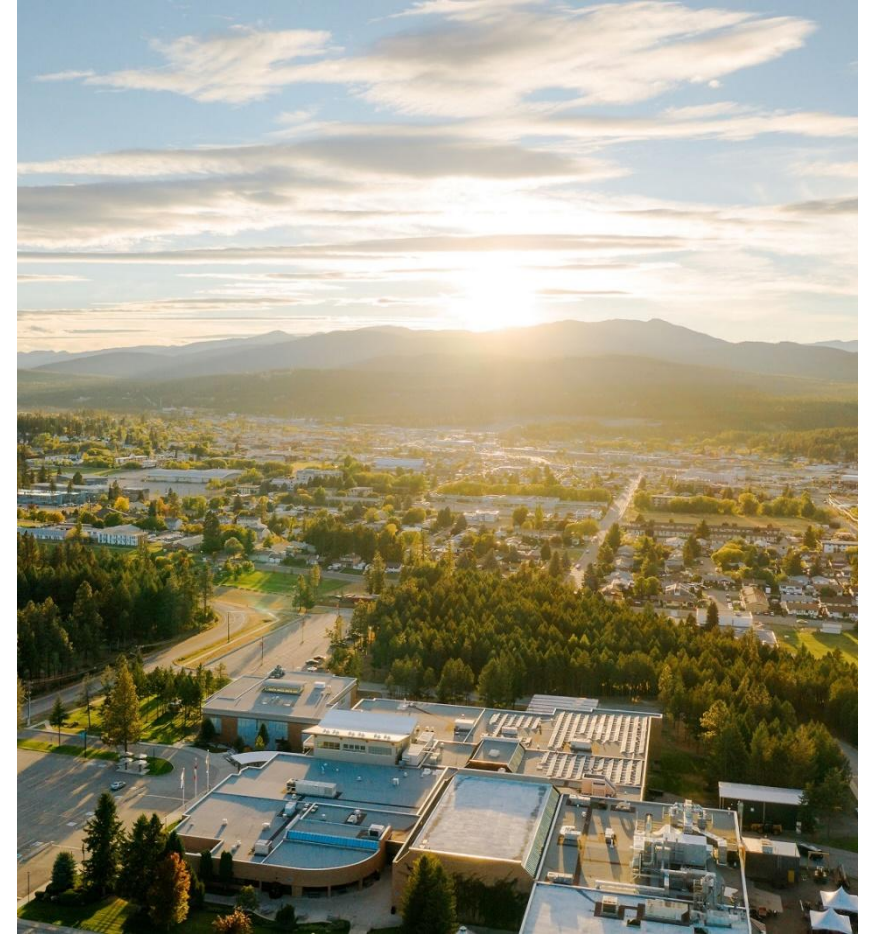
CITY OF CRANBROOK DCC UPDATE

September 15, 2025

URBAN
SYSTEMS

OVERVIEW

- DCC Background Refresher
- Updated Structure and Options
 - New Legislation and Secondary Suite Options
- Updated DCC Rates and Project Cost Estimates
- Community Comparisons
- DCC Options
- Interest Cost for Water Projects
- DCC Exemptions
- Project Timeline

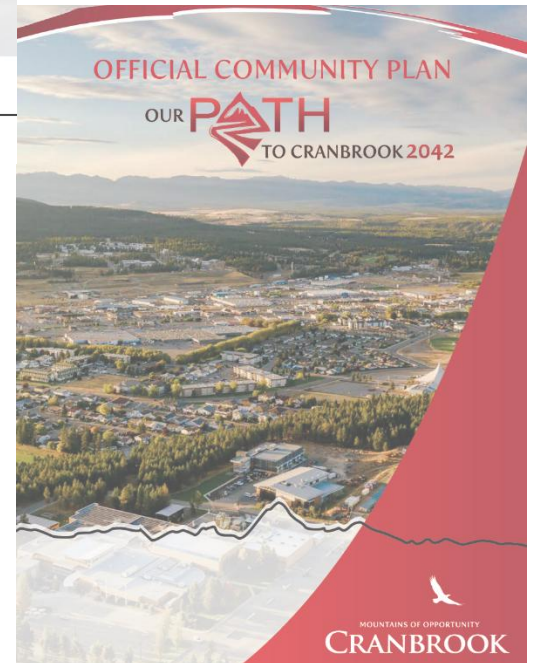




DCC BACKGROUND REFRESHER

KEY DRIVERS FOR UPDATE

- New Official Community Plan
- Sanitary Master Plan near completion
- Water Master Plan amended (fire flows added)
- New Transportation Master Plan
- New Provincial Legislation encouraging infill:
 - secondary suites, accessory dwelling units and 3-4 units
- Updated growth projections prescribed by new BC Housing Needs Assessment Interim Report
- Growth rate alignment with concurrent capital project modelling
- Reflecting infrastructure needs and costs.
- Addition of more DCC-eligible projects





WHAT ARE DCCS?



- One-time charge to pay for major transportation, water, sewer, drainage and parks, protective services and solid waste capital projects which provide common benefit.
- Regulated by the Province
 - Local Government Act – legislation revised in 2024
 - Provincial DCC Best Practices Guide – updated in 2025

WHAT CAN DCCS PAY FOR?

DCCs CAN BE USED FOR

Infrastructure and Studies needed to support growth

- Transportation
- Water
- Drainage
- Sewer

Parks needed to support growth

- Land acquisition
- Park improvements

Facilities needed to support growth

- Fire protection
- Police
- Solid waste and recycling facilities

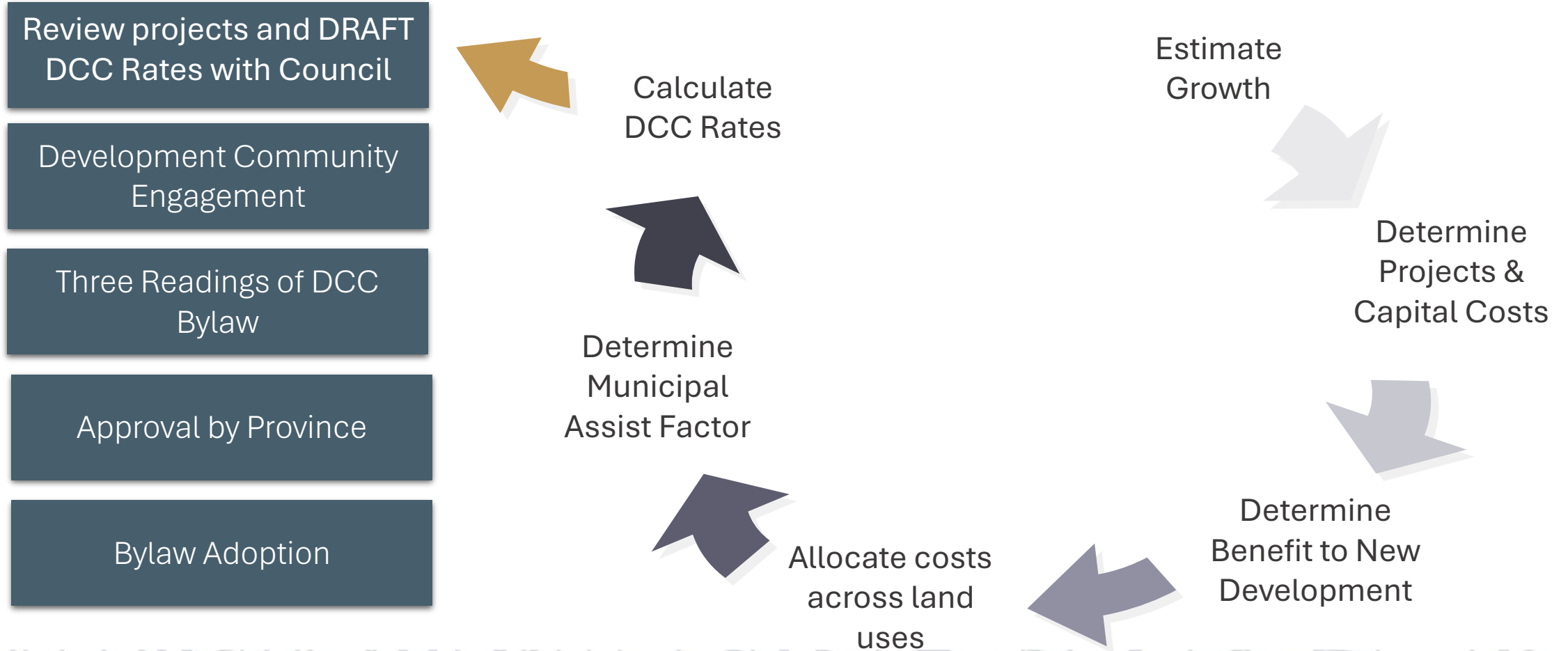
DCCs CANNOT BE USED FOR

- Infrastructure or parks needed for **existing** development
- Utility service connections
- Operations and Staffing Costs
- Rolling stock including mobile equipment, vehicles, fire trucks and garbage trucks
- Maintenance or replacement costs
- Community buildings (e.g., libraries, recreation centres)

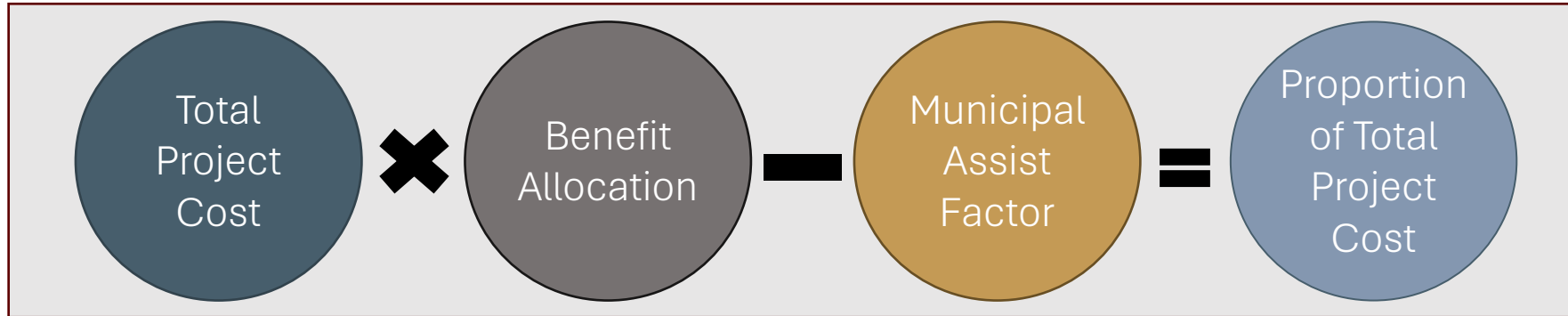
**** DCC projects must be growth-related****

DCC PROCESS

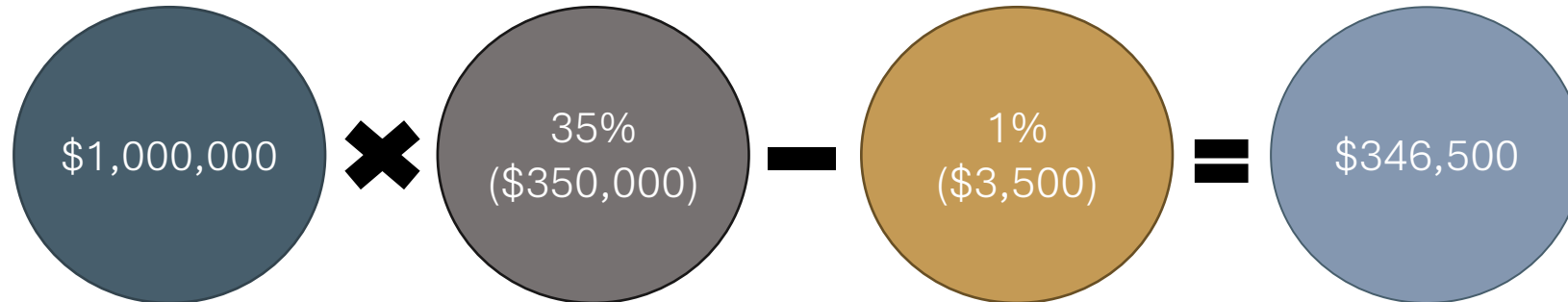
*DCCS ARE A TECHNICAL EXERCISE
PUT THROUGH A POLITICAL LENS*



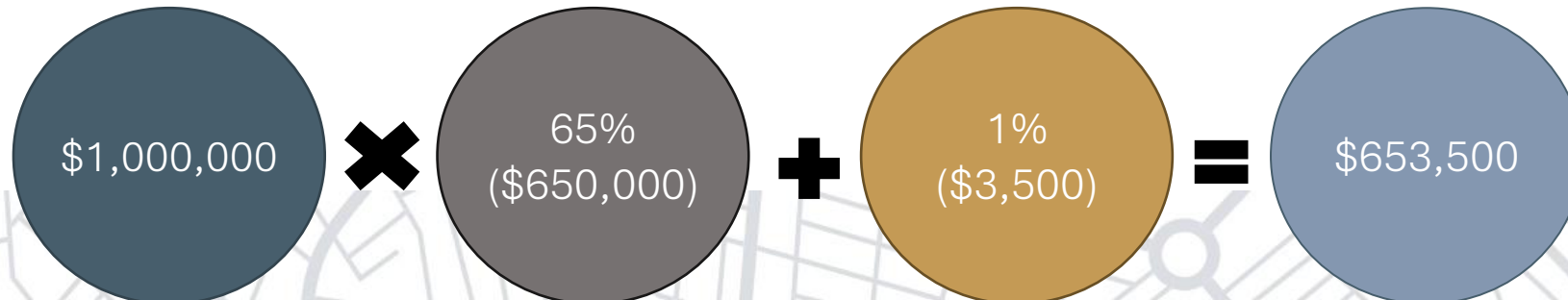
DCC RECOVERABLE COSTS



Developer Contribution:

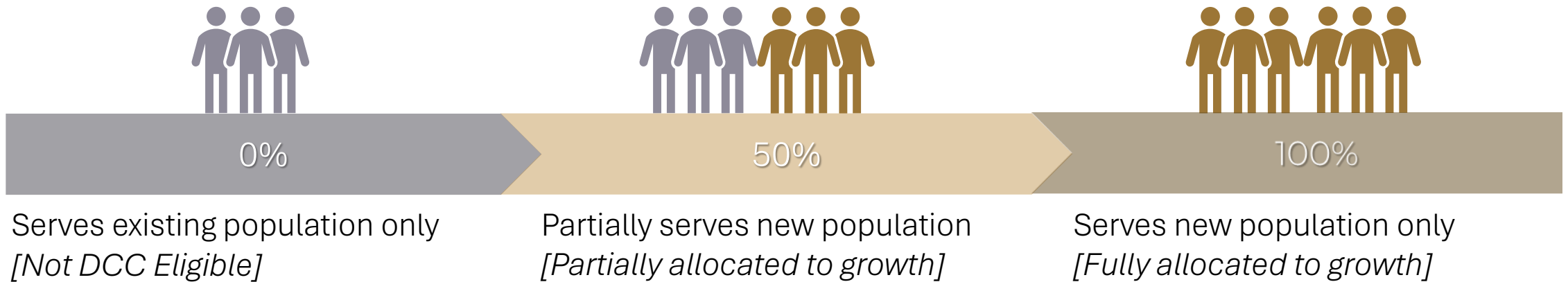


Municipal Contribution:



BENEFIT ALLOCATION

- Each project is assigned a benefit allocation
- Benefit allocations can range from 0% to 100%

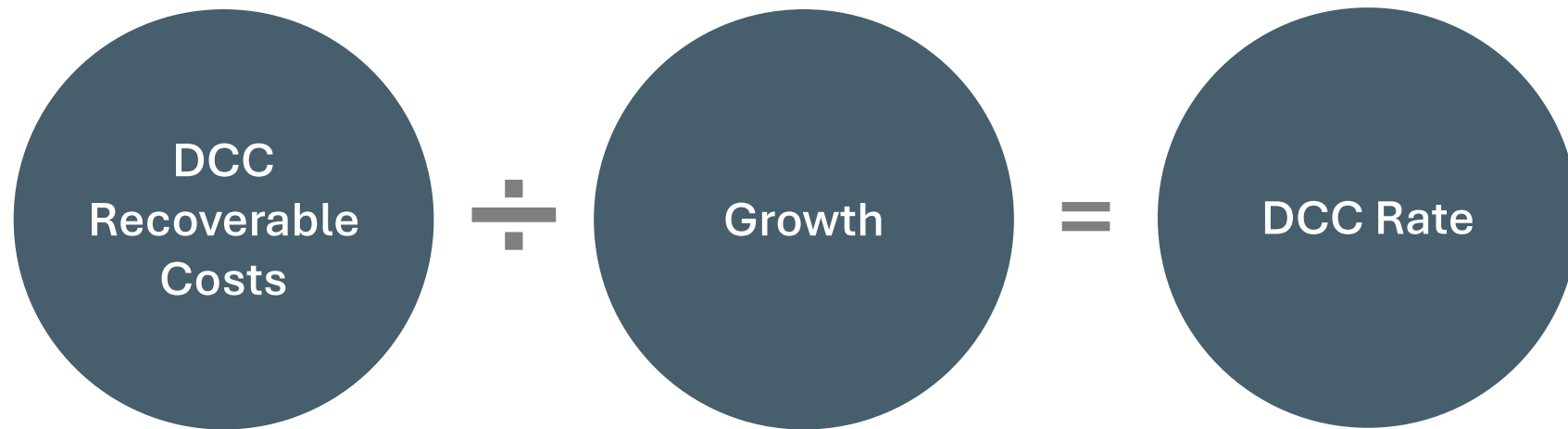


MUNICIPAL ASSIST FACTOR

- Amount the municipality contributes (in addition to the portion of the benefit allocation for existing residents)
- Minimum is 1%
- Can vary by program (i.e., assist for water can differ from assist for transportation) or time (i.e., higher assist factor in year 1 of new bylaw, lower in year 2)
- Higher MAF means lower DCCs, but greater burden on existing residents
- Cannot vary by land use (i.e., cannot have a different assist for commercial compared to residential)

****Entirely at the discretion of Council****

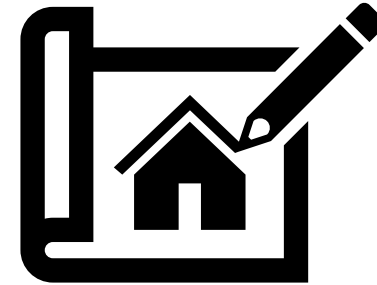
BASIC DCC CALCULATION



WHO PAYS DCCS AND WHEN ARE THEY COLLECTED?

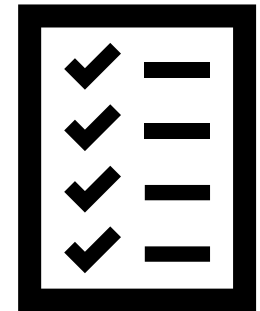
DCCs are paid by applicants for:

- Subdivision approval or building permit



DCCs are collected at:

- Time of subdivision or building permit



FUTURE UPDATES TO DCCS

- There are three types of DCC updates:

	CPI Adjustment	Minor Update	★ Major Update
Timing	Annual	2-3 years	3-5 years
Rate Update	✓	✓	✓
Cost Estimate Update		✓	✓
Input Update (<i>i.e., growth estimates, projects</i>)			✓

A light gray background featuring a detailed map of a city street grid. The grid consists of numerous intersecting lines of varying thicknesses, representing streets and highways. Some lines are thicker and more prominent, while others are thinner. The overall pattern is a complex, interconnected web of lines.

UPDATED STRUCTURE & SECONDARY SUITE OPTIONS

UPDATED STRUCTURE

- Current DCC growth rate: 0.85%
- Proposed update: 1.8%
 - Aligns with legislated requirements for updated Interim Housing Needs Reports.
 - Aligned with water and sewer growth rates.
- Previous DCCs calculated on density (low, medium, high)
- Proposed update based on unit counts.
 - Residential Subdivision
 - Small-Scale Infill
 - Townhouses & Apartments.
- Supports new Provincial Legislation and revised zoning bylaw (SSMUH infill)

SECONDARY SUITES

- Current Residential Subdivision charge does not include a suite
- Currently suites pay a DCC at building permit – except no DCC if value is less than \$50,000
- Keep as is, OR
- Option for Residential Subdivision to include Single Detached House + secondary suite
 - Suite impact: same as apartment
 - Incentivizes suites
 - Aligns with new legislation

A light gray background featuring a complex, stylized map pattern of streets and building footprints. The pattern is dense and covers the entire area, with a central red rectangle overlaid.

UPDATED DCC RATES AND PROJECT COST ESTIMATES

CAPITAL PROJECTS

- Roads
 - Intersection improvements, signalization, roundabout
 - Creating turning lanes and bays
 - Adding connections in the road network
 - Road widening, adding lanes
 - Significant increases in costs from the 2021 estimates –
 - 6th St NW widening and intersection with Highway 3
 - Victora Avenue and Highway 3 intersection



MINISTRY COST-SHARING ON TRANSPORTATION PROJECTS

- Cost-sharing agreement with MoTT
 - Projects included:
 - 6th St. NW/Highway 3
 - Victoria Ave/Highway 3
 - Based on cost sharing guide



CAPITAL PROJECTS

- Water
 - Water disinfection facility (growth portion)
 - Major water transmission main
 - Upsizing water mains
 - Reservoirs
 - Wells
 - Significant increases in costs from 2021 estimates
 - Interest costs for major projects
 - Additional piping projects



CAPITAL PROJECTS

- Sewer
 - Sewer trunk upgrades
 - Lift station upgrades
 - Significant increases in costs since 2021
 - Wastewater Treatment Plant upgrades
 - Additional trunk lines
 - General increases in construction costs



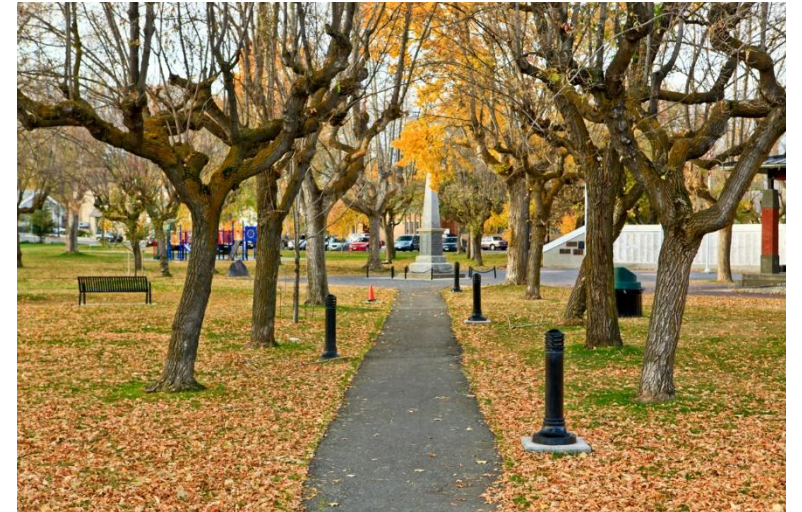
CAPITAL PROJECTS

- Drainage (Stormwater)
 - Stormwater lines connections and upsizing
 - Limited projects since post development flows need to meet pre-development flows
 - Many stormwater projects are required to deal with existing issues, climate change,not new growth
 - Major drainage project added with 6th St NW widening



CAPITAL PROJECTS

- Focus on parks development rather than land acquisition
- Same as previous Parks DCC projects
- Neighbourhood parks and community parks improvements
 - Washrooms
 - Playground equipment
 - Landscaping
 - Irrigation
 - Trails
 - Fencing



CAPITAL COST ESTIMATES

DCC Category	Costs in Existing DCC	New Costs
Roads	\$19.0 M	\$63.2 M
Water	\$34.0 M	\$75.5 M
Sewer	\$14.3 M	\$29.7 M
Drainage	\$1.7 M	\$ 12.2 M
Parks	\$1.7 M	\$ 2.2 M
Total	\$70.7 M	\$182.8 M

CAPITAL COST ESTIMATES

DCC Category	New costs	Paid by new Development	Paid from other City sources
Roads	\$63.2 M	\$34.2 M	\$29.0 M
Water	\$75.5 M	\$33.9 M	\$41.6 M
Sewer	\$29.7 M	\$15.5 M	\$14.2 M
Drainage	\$ 12.2 M	\$6.0 M	\$6.2 M
Parks	\$ 2.2 M	\$2.0M	\$0.2 M
Total	\$182.8 M	\$91.6 M	\$91.2 M

INVESTMENTS IN INFRASTRUCTURE

- The City is being proactive in making infrastructure investments that support new growth
- For example, investment in upgrades to Victoria Avenue is helping generate about \$300 million in new commercial and residential construction:
 - Aqanttanam Housing Society – Claydon Villa (2220 2nd St S) – 20 units - Subsidized Indigenous Housing
 - BC Housing Shelter (209 16th Ave N) – 40 beds
 - Interior Health Authority - Dr. F. W. Green Memorial Home (1700 4th St S) – 148 beds – longer term care home
 - Baker Park (121 17th St S) – BC Builds – 30 Units – Affordable Housing
 - 1601 4th St S – 34 units – Market
 - 1716 4th St N – 71 units – Market
 - 2000 8th St N – 49 Units – Market Senior Housing
- Some Communities who don't make investments in infrastructure can't accommodate growth

CURRENT DCC RATES

Land Use	Unit	Roads	Storm	Water	Sewer	Parks	Total
Low Density Residential	Per parcel/unit	\$ 3,862	\$ 177	\$ 5,309	\$ 1,694	\$ 543	\$ 11,585
Medium Density Residential	Units	\$ 2,935	\$ 142	\$ 4,247	\$ 1,355	\$ 413	\$ 9,092
High Density Residential	Units	\$ 2,317	\$ 115	\$ 2,814	\$ 898	\$ 326	\$ 6,470
Commercial	per/m ² of gross floor area	\$ 69.52	\$ 0.53	\$ 53.09	\$ 13.55	\$ 9.78	\$ 146.47
Industrial	per/m ² of gross floor area	\$ 38.62	\$ 0.53	\$ 42.47	\$ 13.55	\$ 5.43	\$ 100.60
Institutional	per/m ² of gross floor area	\$ 46.35	\$ 0.44	\$ 63.71	\$ 15.24	\$ 6.52	\$ 132.26

POTENTIAL DCC RATES – SUITE INCLUDED

WITH SECONDARY SUITE INCLUDED IN RESIDENTIAL SUBDIVISION PARCEL CHARGE

Land Use	Unit	Roads	Storm	Water	Sewer	Parks	Total
Residential Subdivision	Per parcel	\$12,415	\$2,459	\$15,278	\$6,668	\$713	\$37,533
Small-Scale Infill and Townhouses	Units	\$5,897	\$1,192	\$7,989	\$3,487	\$338	\$18,903
Apartments	Units	\$4,656	\$969	\$5,292	\$2,310	\$267	\$13,494
Commercial	per/m ² of gross floor area	\$106.50	\$4.47	\$27.96	\$17.87	\$6.11	\$162.91
Industrial	per/m ² of gross floor area	\$105.55	\$4.47	\$27.96	\$17.43	\$6.06	\$161.47
Institutional	per/m ² of gross floor area	\$136.93	\$3.73	\$33.95	\$14.82	\$7.86	\$197.28

POTENTIAL DCC RATES – SUITE INCLUDED

WITH SECONDARY SUITE INCLUDED IN RESIDENTIAL SUBDIVISION PARCEL CHARGE

Land Use	Unit	Existing DCCs	Potential DCCs	Change	Percentage increase
Residential Subdivision	Per parcel	\$ 11,585	\$37,533	\$25,948	224%
Small-Scale Infill and Townhouses	Units	\$ 9,092	\$18,903	\$9,811	108%
Apartments	Units	\$ 6,470	\$13,494	\$7,024	109%
Commercial	per/m ² of gross floor area	\$ 146.47	\$162.91	\$16.44	11%
Industrial	per/m ² of gross floor area	\$ 100.60	\$161.47	\$60.87	61%
Institutional	per/m ² of gross floor area	\$ 132.26	\$197.28	\$65.02	49%

- The increase to the residential subdivision DCC is significantly higher because we are including the charge for a suite in the cost of a DCC for a new lot.

POTENTIAL DCC RATES – SEPARATE CHARGE FOR SUITE

WITH SEPARATE CHARGE FOR SECONDARY SUITES (SAME AS APARTMENTS)

Land Use	Unit	Existing DCCs	Potential DCCs	Change	Percentage increase
Residential Subdivision	Per parcel	\$ 11,585	\$24,039	\$12,454	108%
Small-Scale Infill and Townhouses	Units	\$ 9,092	\$18,903	\$9,811	108%
Apartments and Secondary suites	Units	\$ 6,470	\$13,494	\$7,024	109%
Commercial	per/m ² of gross floor area	\$ 146.47	\$162.91	\$16.44	11%
Industrial	per/m ² of gross floor area	\$ 100.60	\$161.47	\$60.87	61%
Institutional	per/m ² of gross floor area	\$ 132.26	\$197.28	\$65.02	49%

- A suite would pay a separate charge at building permit – same rate as apartments.

PARCEL TO INCLUDE SECONDARY SUITE?

- The increase to the residential subdivision DCC is significantly higher when we include the charge for a suite in the cost of a DCC for a new lot
- Keeping the charge for suites separate reduces the DCC at subdivision, but then the suite pays about \$13,500 at building permit, if the work is work more than \$50,000
- One option is to increase the exemption level to \$100,000 so only building permits for suites that exceed \$100,000 would pay the suite DCC
- Council thoughts on how to approach secondary suites?

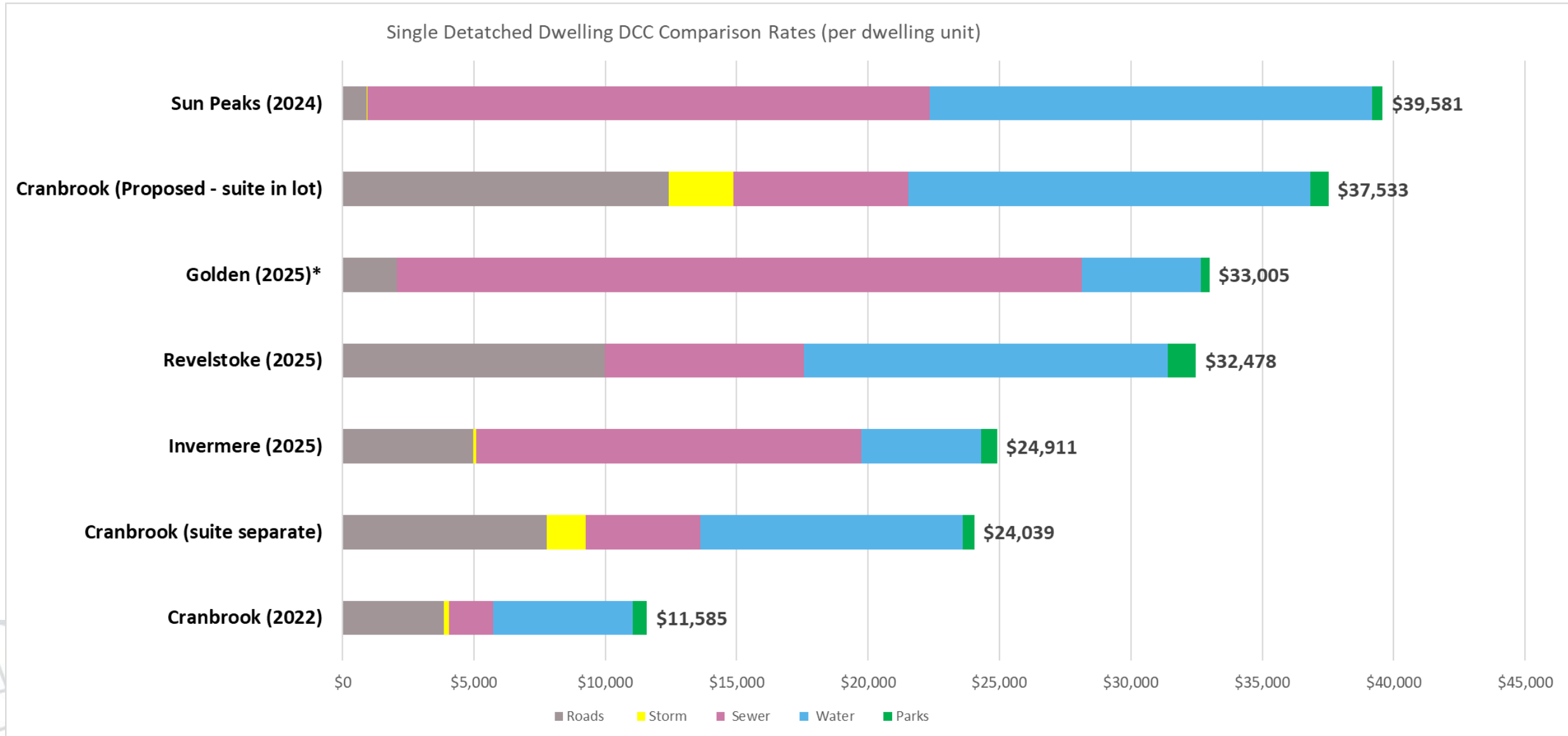


COMMUNITY COMPARISONS

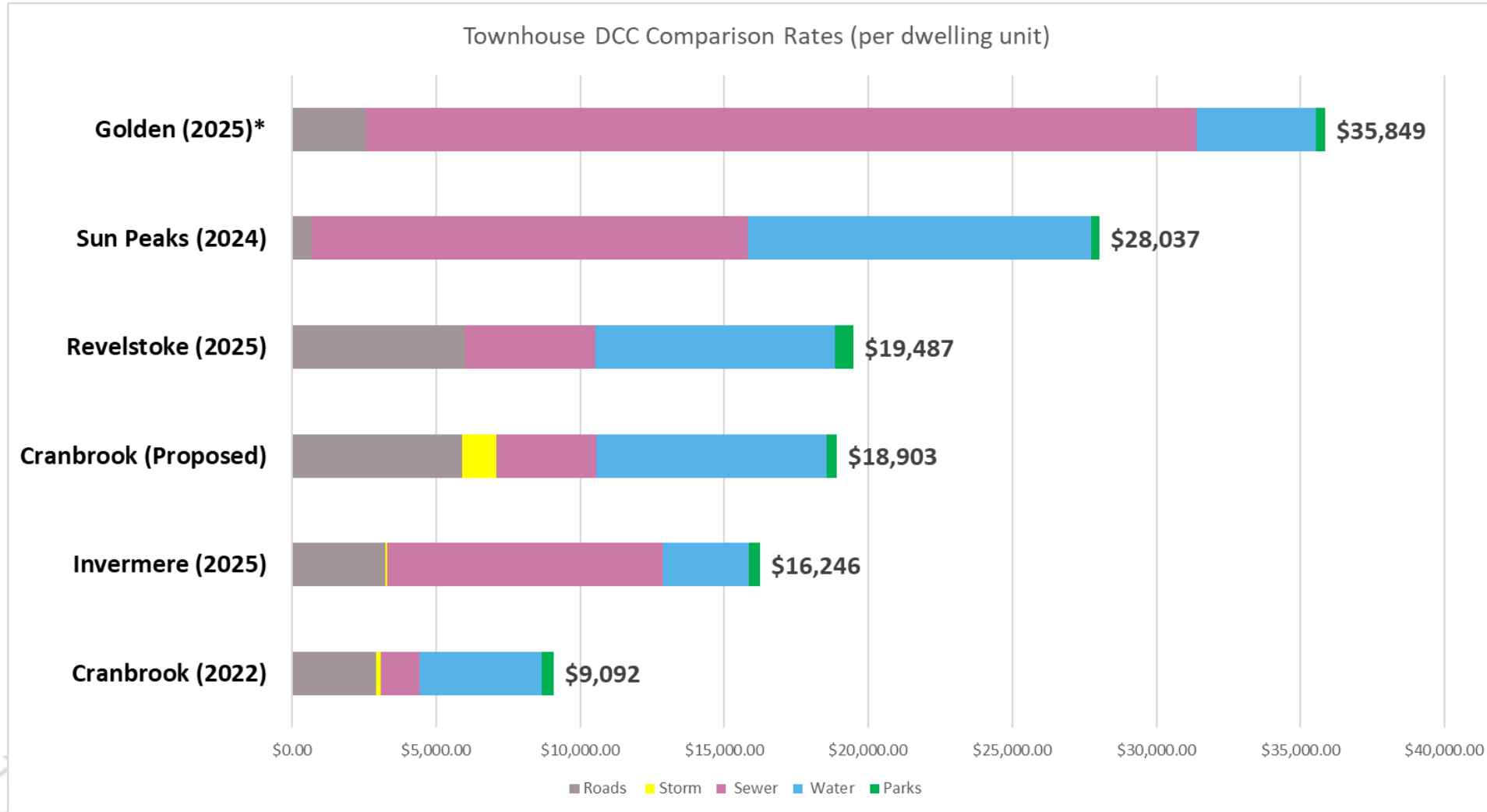
COMMUNITY COMPARISONS

- Focussed on similar types of communities who have recently updated their DCCs
- Some proposed DCCs under way (e.g. Golden)
- Some community DCCs are out of date (e.g. Elkford, Fernie)
- Some communities are planning to update their DCCs, such as Radium Hot springs and Sparwood.
- Kimberley does not have DCCs but developers pay individual off site costs and the whole community pays for infrastructure such as Wastewater Treatment Plant upgrades

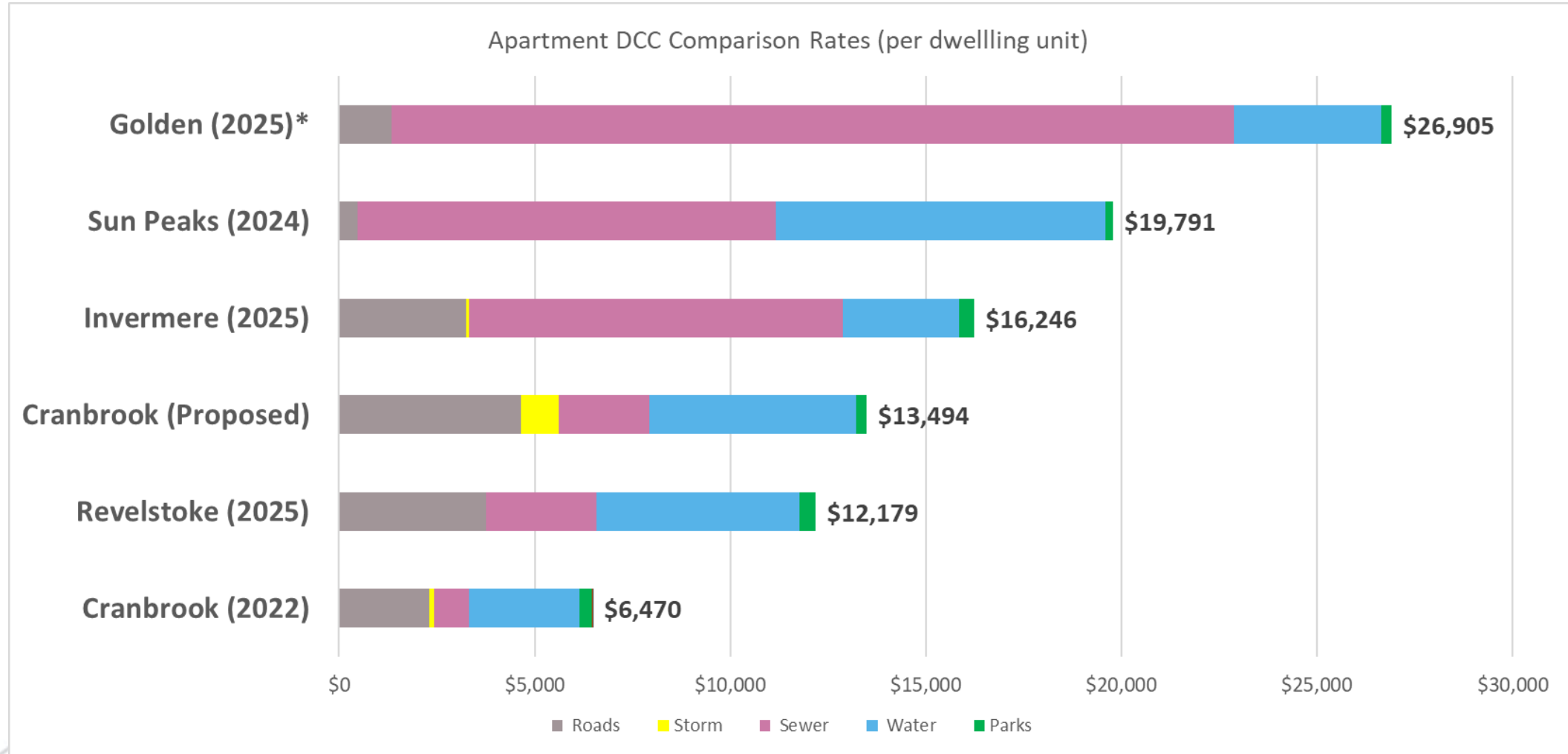
COMMUNITY COMPARISONS – SINGLE DETACHED



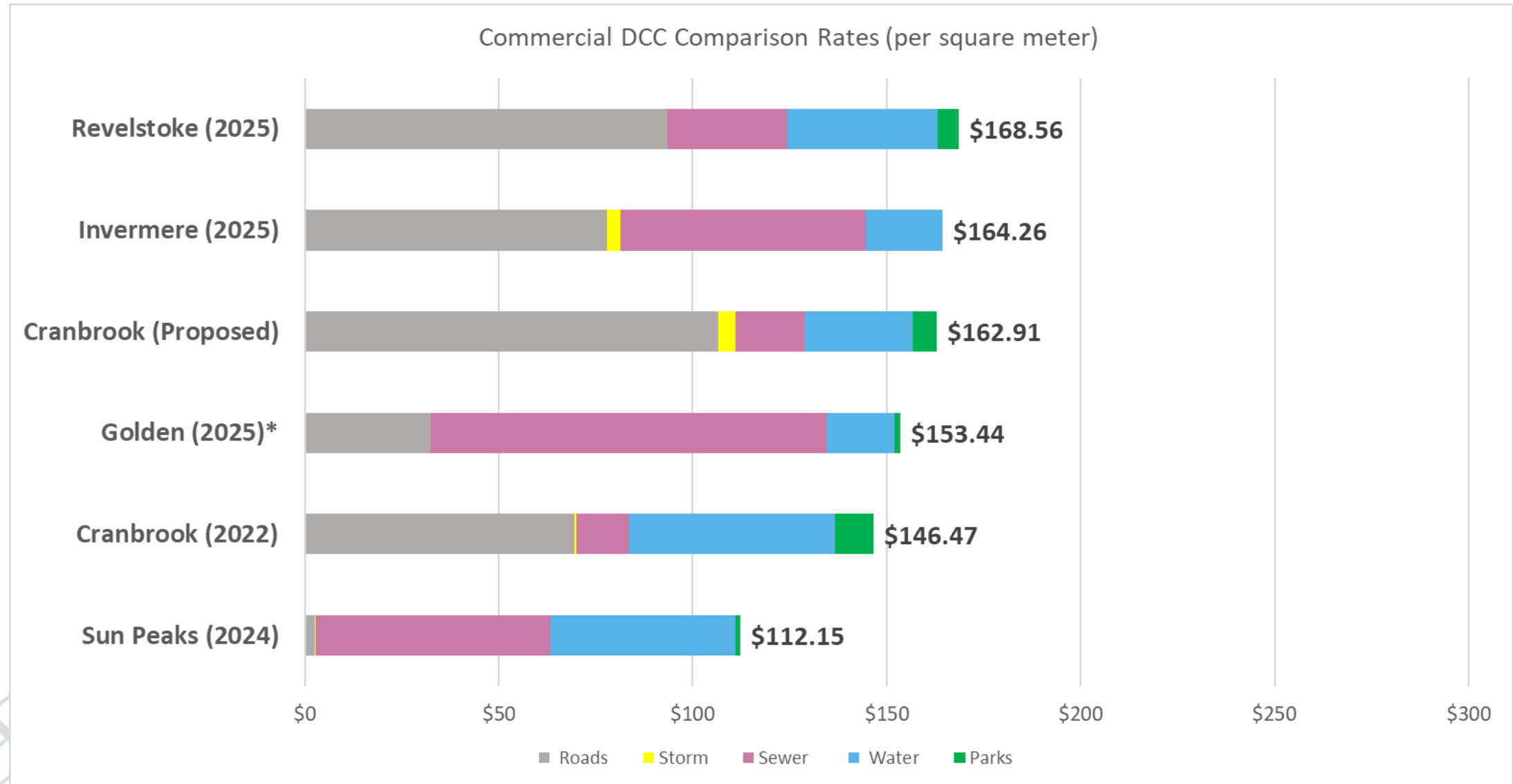
COMMUNITY COMPARISONS - TOWNHOUSE



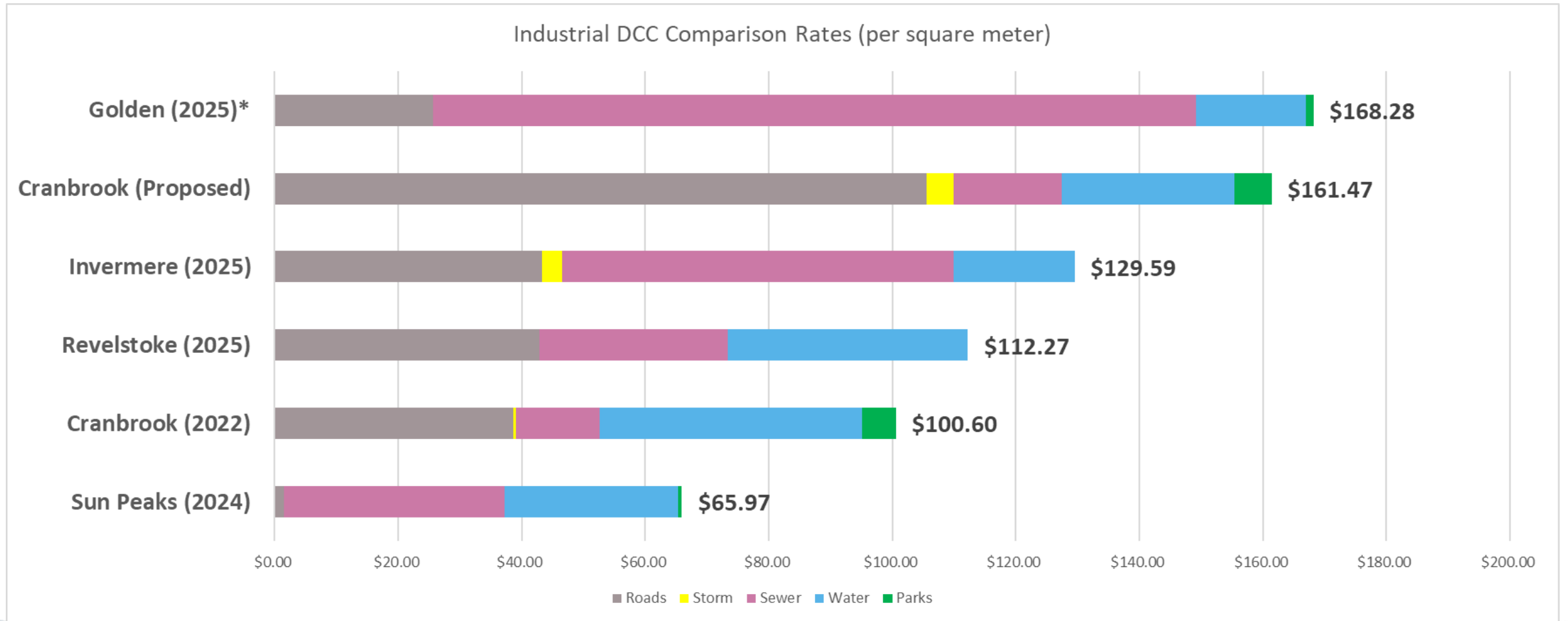
COMMUNITY COMPARISONS - APARTMENT



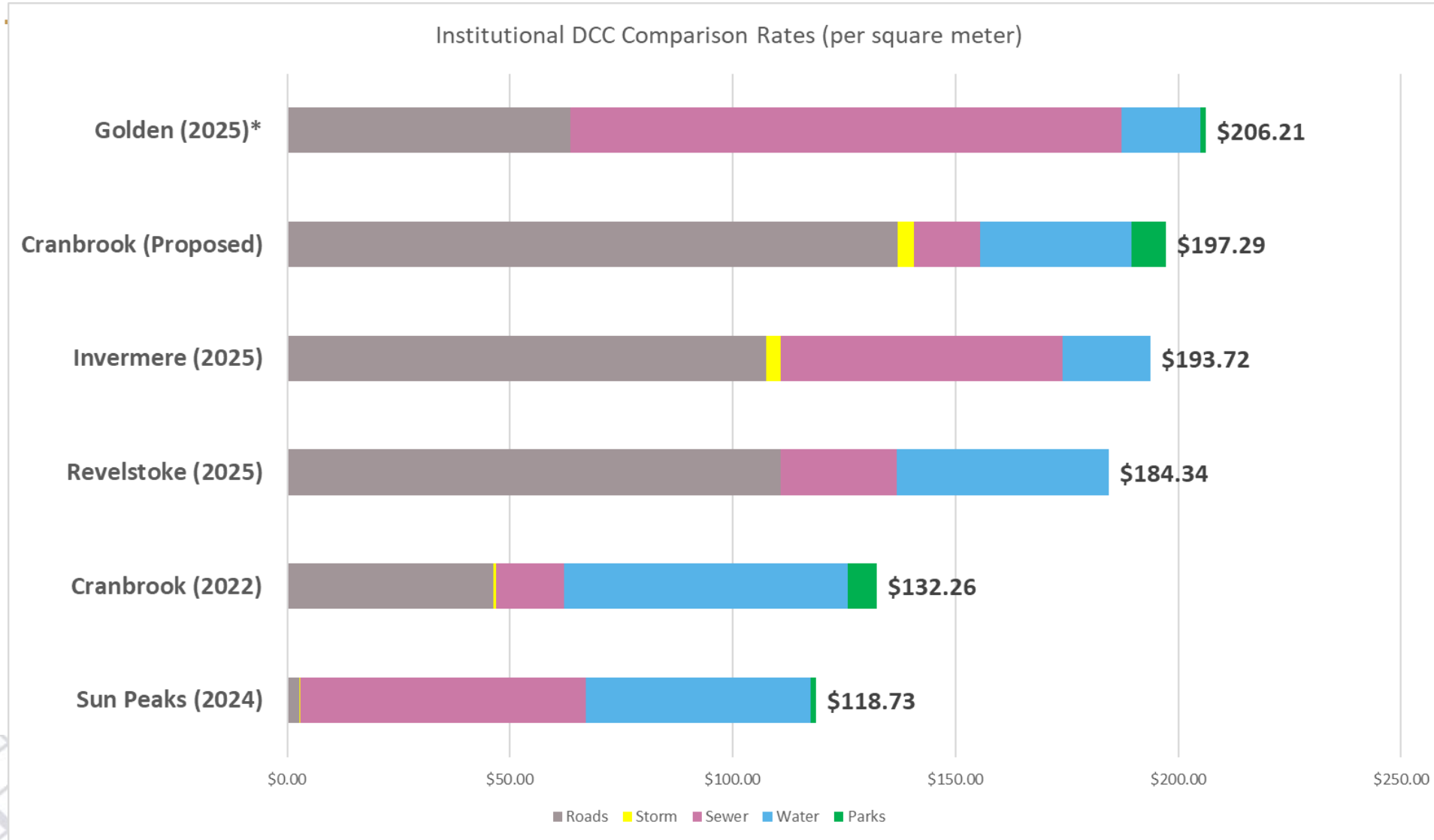
COMMUNITY COMPARISONS - COMMERCIAL



COMMUNITY COMPARISONS - INDUSTRIAL



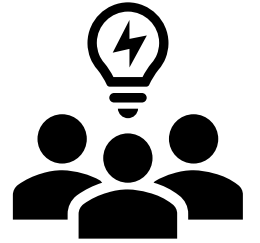
COMMUNITY COMPARISONS - INSTITUTIONAL





DCC OPTIONS

OPTIONS



- Proposed increase in DCC rates – what are the options?
 - Assist Factor
 - Phase in over time
 - Technical Reconsideration of benefit allocation – portion of project allocated to growth
 - Defer some projects / accept a reduced level of service



ASSIST FACTOR

- DCCs must be used to assist in paying costs of off-site infrastructure required by development
- 'Assist Factor' is the percentage assistance provided by the City. Minimum is 1%
- Municipal Assist Factor is at Council's discretion
- The whole community pays for the Assist Factor
- If water projects get a 50% assist, then the community (taxpayers) are paying for 50% of water costs created by new development. i.e. taxpayers are providing a 50% subsidy to developers for water projects required by new development
- Can vary assist by service (roads assist can be different than water assist)
- Cannot vary assist by area of community, or land use

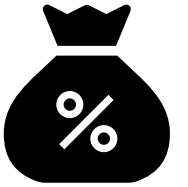


PHASE IN

- Option to phase in new rates
- Similar approach taken for last DCC update
 - Year 1: 40% assist
 - Year 2: 20% assist
 - Year 3: 1% assist
- A relatively even 3 year transition for this update would require:
 - Year 1: 35% assist
 - Year 2: 15% assist
 - Year 3: 1% assist
- **In stream protection** - In stream applications received before the new bylaw is adopted pay old rates if subdivision or building permit approved within one year of bylaw adoption



TAXPAYER IMPLICATIONS



- Illustration: Assist factor required keep the new DCCs at the same rate as the old DCCs = about 43% assist
- Taxpayers would assist by paying 43% of the costs allocated to new development
- The 43% assist equates to an annual contribution by taxpayers as follows:
- **Roads, Drainage, and Parks** paid by Property tax: an extra **\$920,000 /yr** which is equivalent to **2.4% increase** in all property taxes
- **Water** Frontage Tax: an extra **\$740,000 /yr** which is equivalent to **27.2 % increase** in water frontage taxes
- **Sewer** Frontage Tax: an extra **\$340,000 /yr** which is equivalent to **15.8% increase** in sewer frontage taxes

BENEFIT ALLOCATIONS

- Reflect the benefit of each project to the existing community **and** new development
- Used to calculate the proportion of capital costs attributable to new development
- Technical number for sharing of costs, based on population, water flows, sewage flows
- Some room for interpretation, but if less is allocated to new development, then more is paid by taxpayers



A light gray background featuring a complex, overlapping network of lines that resemble a city street map or a technical drawing of a water distribution system. The lines vary in thickness and form a dense, interconnected web across the entire frame.

INTEREST COST FOR WATER PROJECTS

INTEREST COST FOR WATER PROJECTS



- New rates include interest cost associated with:
 - Water disinfection facility: \$3.5 million
 - Transmission main to Reservoir #1: \$8.9 million
- Estimated interest over a 20-year financing period:
 - Disinfection facility: \$3.4 million
 - Transmission main : \$8.5 million
- Council consideration: should the financial model assume borrowing for the entire project cost, or a portion?

The background of the slide features a light gray, stylized map pattern with various street lines and shapes. A large, solid red rectangle is centered on the slide, serving as a backdrop for the title text.

DCC EXEMPTIONS

DCC EXEMPTIONS (STATUTORY)

The *Local Government Act* identifies conditions where DCC exemptions apply:

- Buildings for public worship
- Development does not impose a new capital cost burden
- DCCs have been charged previously

Variations permitted through Bylaw:

- Building permits for \$50,000 or less in value **(can increase this)**
- Residential units = or < 29m² in size **(can increase this)**
- Fewer than 4 units (i.e., duplex/triplexes) **(must be authorized in the bylaw)**

DCC WAIVERS AND REDUCTIONS

- Development that can qualify for waivers/reductions (per legislation)
 - Not-for-profit affordable housing
 - For-profit rental housing
 - Development designed for reduced environmental impact
 - Subdivision of small lots designated to result in low greenhouse gas emissions
- Waivers and Reductions can be established in a separate bylaw and that bylaw does not require Inspector approval
- **When Council chooses to waive or reduce DCCs, the City must fund the amount through non-DCC dollars**

DCC Waivers and Reductions

Waiving DCCs

- A more transparent approach might be to provide an outright grant (likely paid by taxpayers) to the housing group that they can give to the City to pay DCCs.
- That is essentially what happens when the DCC reserve fund is replenished by taxpayer funds to make up for shortfall from the DCCs waived.
- Recently there has been a trend in other communities to consider each on a case by case basis due to many different situations that may arise.
- Even if no reduction in bylaw, can still consider on a case by case basis
- **Confirm direction during previous DCC update to consider on a case by case basis**



PROJECT TIMELINE

PROJECT TIMELINES

- Revised DCCs to October 27th Committee of the Whole
- Community engagement in November / early December
- Return to Council with engagement results in January
- Final Report and Bylaw readings in February / March
- Allow 2 -3 months for Ministry approval
- Potential final adoption in June 2026
- Next year is an election year
- DCCs ideally adopted prior to election
- Further iterations could push project into election time



THANK YOU!

