

# DISTRICT OF SAANICH

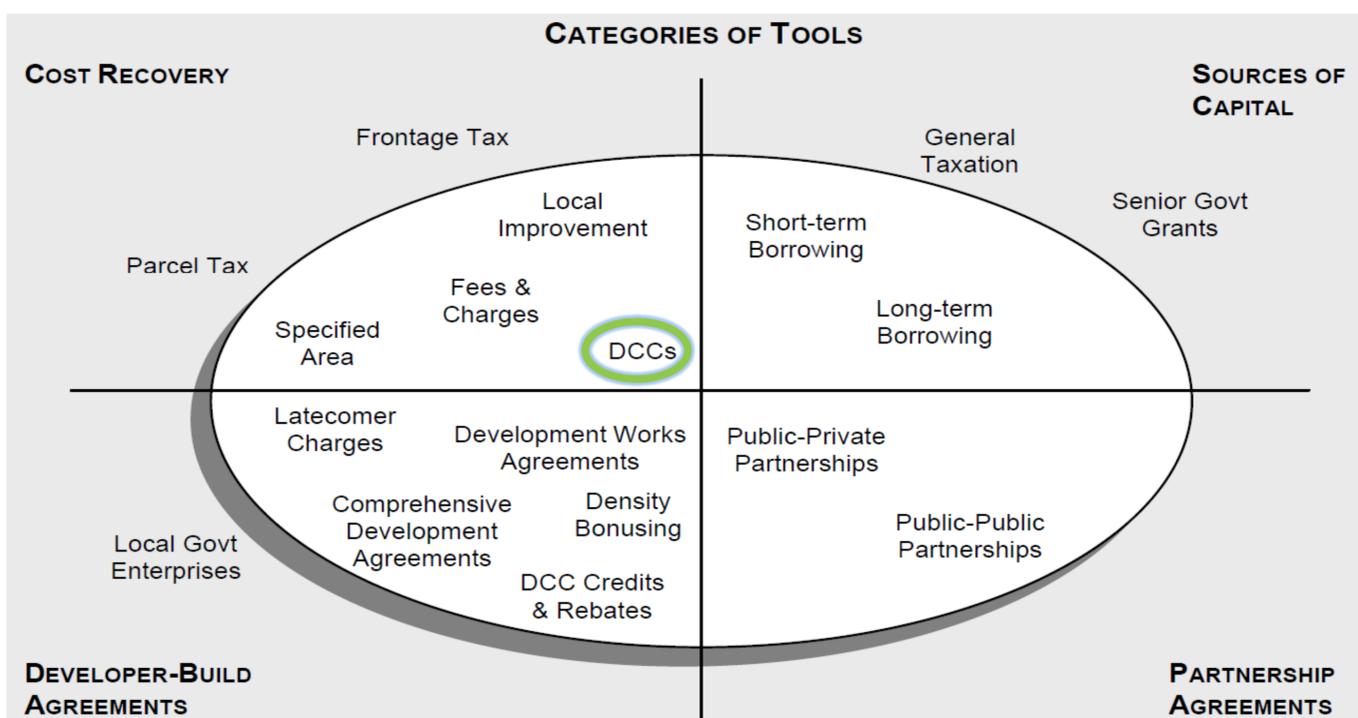
## Development Cost Charge Bylaw Update

### WHAT ARE DCCs?

Development Cost Charges (DCCs) are fees collected from developers on a user pay basis to help fund the cost of growth-related infrastructure and parks. DCCs are regulated by the province through the *Local Government Act* and directed by the *DCC Best Practices Guide*.

### DEVELOPMENT FINANCE TOOLS

Multiple tools are available to help communities fund infrastructure improvements. These tools can be grouped into four categories as shown below.



Source: *Development Finance Choices Guide, Province of BC*

DCCs are an effective tool for Saanich to recover a portion of the costs associated with servicing new development. DCCs avoid placing the burden of new servicing costs on existing rate payers by charging developers that benefit from the new services.

## WHAT DO DCCs PAY FOR?

DCCs are used to pay for new or upgraded infrastructure and parkland required to support growth.



### TRANSPORTATION INFRASTRUCTURE

Roadway improvements and extensions, and active transportation upgrades



### SEWER INFRASTRUCTURE

Sanitary lift stations, force mains, trunk sewers and wastewater treatment facilities



### WATER INFRASTRUCTURE

Water main upgrades, reservoirs, water treatment plants and pump stations



### DRAINAGE INFRASTRUCTURE

Pumping stations, major culvert crossings, storm sewer upsizing and drainage improvements



### PARKLAND ACQUISITION & DEVELOPMENT

Parkland acquisition, landscaping, fencing, irrigation and washrooms

## WHAT DO DCCs NOT PAY FOR?

By legislation, DCCs cannot be used to pay for:

- Operation and maintenance of Saanich engineering infrastructure or parkland.
- New or upgraded works needed only for the existing population.
- New libraries, fire halls, police stations, parks and recreation buildings, parking lots, sports field lighting, artificial turf and sport courts (tennis / pickleball).

## WHO PAYS FOR DCCs?

- Applicants for subdivision approval to create single-family development sites.
- Applicants for building permits to construct multi-family, commercial, industrial, or institutional development.



## WHY UPDATE THE DCC BYLAW?

Saanich reviews DCCs periodically to ensure they align with anticipated growth in Saanich, current construction costs and Saanich master planning documents.

A major DCC update is needed now for the following reasons:

- Last major DCC update was several years ago.
- DCC program was simplified in 2017 until a major update could occur.
- Saanich has new information on servicing needs.
- Saanich has current construction and land acquisition costs; current growth estimates; and updated information on growth-related infrastructure / park needs.



# HOW ARE DCC RATES CALCULATED?

## CALCULATING DCC RATES

The DCC calculation process consists of:

1. Estimating growth
2. Identifying projects and capital costs
3. Determining benefit allocation
4. Determining municipal assist factor

DCC rates are calculated by dividing DCC costs by projected growth to generate a charge per dwelling type.

Different land uses have different impacts on infrastructure. To reflect these differences, equivalent units are used to allocate DCC costs across land uses.



# HOW ARE DCC RATES CALCULATED?

## 1. ESTIMATING GROWTH

Project timing and priorities over the 20 year time horizon (2018 – 2037) will be based on when and where growth is occurring.

Future residential, commercial, industrial and institutional growth projections are based on:

- Official Community Plan growth estimates
- Population projections, trend & capacity build-out analysis (2013)
- Staff inputs
- Subdivision and building permit records (growth units)
- Local building permit values and construction cost estimates (\$)
- Projected growth in the context of the CRD Regional Growth Strategy



# HOW ARE DCC RATES CALCULATED?

## 2. IDENTIFYING PROJECTS AND CAPITAL COSTS

DCC project locations and timing are based on where new services will be required to support new development in the next 20 years.

Project lists are developed by:

- Reviewing previous program(s) to determine if any projects remain uncompleted and are to be carried forward
- Including DCC-eligible projects determined through master planning processes
- Including projects identified by staff based on in-progress or anticipated development applications
- Updating cost estimates for each project



# HOW ARE DCC RATES CALCULATED?

## 3. DETERMINING BENEFIT ALLOCATION

The benefit allocation:

- Reflects the benefit of each project to the existing community, versus new development.
- Calculates the proportion of capital costs associated with new development.

### EXAMPLE – WATERMAIN

- An existing 150mm watermain is nearing the end of its useful life
- Future development requires upgrade to a 300mm watermain
- The benefit allocation for this watermain upgrade would be set at 50/50 as it benefits existing and future development equally



# HOW ARE DCC RATES CALCULATED?

## 4. DETERMINING MUNICIPAL ASSIST FACTORS

- The Local Government Act requires municipalities to financially “assist” future development.
- Minimum assist factor is 1%, maximum is 99%.
- Actual amount is set by Saanich Council.
- Most communities select a municipal assist factor of between 1% and 5%.

Saanich’s current assist factor is 1%. Increasing the assist factor would result in lower DCCs but the difference must be made-up through other revenue sources such as property taxes.



## WHAT ARE THE NEXT STEPS?

- Finalize growth estimates
- Develop DCC project lists and project costs
- Establish draft rates (spring 2018)
- Draft the background report
- Review DCC program with Council
- Conduct second public consultation (late spring 2018)
- Submit bylaw for Ministry review and endorsement (fall 2018)
- Facilitate Council final review and bylaw adoption (anticipated completion by end of 2018)
- Implement new DCC rates (effective at bylaw adoption)

