



# DEVELOPMENT COST CHARGES

## BACKGROUND INFORMATION

The City of Terrace is considering implementing a development cost charges (DCC) bylaw. The following provides background information on DCCs and answers frequently asked questions.

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### WHAT ARE DEVELOPMENT COST CHARGES?

DCCs are fees collected from developers to help fund the cost of growth-related infrastructure and parks. DCCs are regulated through the *Local Government Act*. The rates charged reflect the impact growth has on infrastructure and parks; the greater the impact, the larger the charge. This helps ensure developers pay their fair share of costs required to develop new infrastructure and parks.

### WHO PAYS DCCs?

DCCs are paid by applicants for subdivision or building permit.

### HOW ARE DCCS CALCULATED AND WHEN ARE THEY COLLECTED?

DCCs for residential developments are calculated based on the number of new units and charges are collected either at subdivision or building permit, as determined by the City. DCCs for commercial, industrial, and institutional developments are calculated on a square meter of gross floor area basis for new builds or additions and charges are collected at building permit.

### WHAT DO DCCs PAY FOR?

DCCs help pay for upgrades needed to support growth. DCCs can be used for:





## WHAT DO DCCs NOT PAY FOR?

DCCs cannot be used to pay for:

- Costs associated with new or replacement infrastructure needed only for existing residents
- Operations and maintenance
- New facilities such as recreation centres, fire halls or libraries

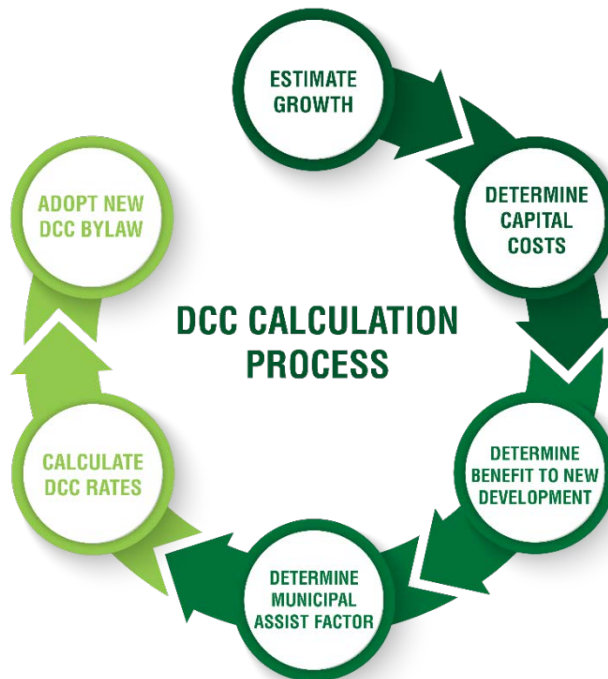
## WHY IMPLEMENT A DCC BYLAW NOW?

The City is looking at implementing a DCC bylaw now because:

- The City has good information on growth from the OCP and on infrastructure/parks needs from recently completed master plans
- The City has identified major infrastructure needed to service growth and DCCs are a cost recovery tool that fairly distributes growth costs across development and provides certainty to developers for infrastructure upgrade costs

## HOW ARE DCCS CALCULATED?

DCCs are calculated by dividing the cost of growth-related infrastructure/parks by the amount of anticipated growth.





## WHAT PROJECTS WILL DCCS FUND?

The projects identified below are proposed for inclusion in the DCC program as these projects are required to service growth and are expected to be funded over a 15 year period. The total cost for these projects is approximately \$10.7 million. Only \$7.4 million is included in the DCC program for cost recovery.

Each project is assessed to determine benefit to new development versus existing residents, and only the portions that benefit new development are included in the DCC program. Additionally, the City must contribute a minimum of 1% towards growth related costs. Together, the costs that will be funded by existing taxpayers or through other funding sources totals \$3.3 million.

| PROPOSED DCC PROJECTS                                |
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| Transportation                                       |
| Park Avenue Extension                                |
| Water  |
| New Halliwell Reservoir                              |
| Sanitary   |
| Sanitary Sewer Capacity Enhancements                 |
| Northwest Bench Sanitary System – Phase 1            |
| Storm  |
| Twedle Storm Trunk- Phase 1                          |
| Park   |
| Northwest Bench Parkland Acquisition and Development |

## WHAT ARE THE DRAFT DCC RATES?

The draft rates proposed will be considered by Council following input from the local land development and building industry. The draft rates were determined through a lengthy process to evaluate the cost of projects that support growth and the allocation of these costs across land uses.



| Land Use                     | Unit               | Draft DCC Rates |
|------------------------------|--------------------|-----------------|
| Single Family                | per dwelling unit  | \$8,987.00      |
| Ground-Oriented Multi-Family | per dwelling unit  | \$6,354.00      |
| Apartment                    | per dwelling unit  | \$4,611.00      |
| Commercial                   | m <sup>2</sup> GFA | \$32.29         |
| Industrial                   | m <sup>2</sup> GFA | \$19.63         |
| Institutional                | m <sup>2</sup> GFA | \$44.16         |

### WHEN DO DCC RATES COME INTO EFFECT?

DCC rates will be in force immediately after the updated Development Cost Charge Bylaw is adopted unless a future effective date is set by Council. However, the *Local Government Act (LGA)* provides special protection from rate increases for development applications that are submitted prior to the adoption date.

In-stream protection applies to both building permit and subdivision applications received prior to the adoption of the DCC Bylaw. Protection is also extended to rezoning and development permit applications that are submitted prior to the adoption of the new DCC Bylaw and that will result in a building permit within 12 months of the adoption of the Bylaw. Division 19, Sections 511 and 568 of the *LGA* outline the criteria that must be met in order for an application to qualify for in-stream protection.

If an application meets the required criteria and is submitted prior to the adoption of the DCC Bylaw, it will be provided protection from DCC rates for a period of twelve months after the adoption date.

The City anticipates adopting the DCC bylaw in 2021.

### FOR MORE INFORMATION OR TO PROVIDE COMMENTS

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Please send all correspondence related to this project by November 20, 2020.