



## The Corporation of the District of Saanich

# Report

**To:** Mayor and Council

**From:** Harley Machielse , Director of Engineering

**Date:** April 14, 2025

**Subject:** Development Cost Charges Bylaw Amendment – Inflationary Adjustment

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### RECOMMENDATIONS

That Council give three readings to Bylaw 10143 to amend Development Cost Charges Bylaw, 2019, No. 9553 to increase development cost charges (DCCs) in accordance with the Consumer Price Index (CPI) for Victoria.

### PURPOSE

The purpose of this report is to provide Council with background information on current market costs related to DCC rates and to recommend that Council give three readings to Bylaw 10143 to amend DCC rates to increase them by 2.5%, which is the annual average CPI for Victoria for 2024.

### BACKGROUND

DCCs allow Saanich to fairly distribute growth related costs across development. Per the LGA, DCCs are levied on new development to pay the costs for expanding and upgrading infrastructure to meet the needs of growth. The DCC Bylaw was adopted by Council in 2020 and was amended 2023 and 2024 to increase rates based on the CPI. These increases were necessary to ensure that projects continue to be adequately funded and can proceed on schedule. Without the annual rate increases, the collection period for projects would need to be extended or Saanich would need to seek alternate funding sources to pay the shortfall in the developer-funded portions of DCC projects.

The provincial *Development Cost Charges Best Practices Guide (2005)* recommends periodic review of the DCC charges and project costs to ensure they are kept up to date to account for inflation.

### DISCUSSION

The proposed increase to the current DCC rates would be 2.5%, which is the annual average CPI for Victoria for 2024 - the previous calendar year. Per the LGA, a DCC bylaw requires approval from the Inspector of Municipalities.

Given the minor nature of this amendment, staff did not undertake consultation with the development community.

## **Full Update to the DCC Bylaw**

The current DCC Bylaw is now five years old and per the provincial *Development Cost Charges Best Practices Guide*, a review of the original methodology is needed. A full update to Saanich's DCC Bylaw is planned for 2025-26. The purpose of the update will be to align with new legislation, and updated policy documents, including the Official Community Plan, which was updated in 2024, as well as the Housing Strategy, Centre, Corridor, and Village Plans, Sewer and Water Master Plans, and the Active Transportation Plan. It will also be to review the methodology and revise the underlying assumptions from the first bylaw, including growth and development projections, land use categories, and the list of eligible projects and costs. Until a full update is completed, staff recommend increasing DCC rates in alignment with the CPI.

## **COUNCIL OPTIONS**

1. That Council approves the recommendation as outlined in the staff report.
2. That Council provide alternate direction to Staff.

## **FINANCIAL IMPLICATIONS**

DCCs help pay the costs for expanding and upgrading infrastructure, as well as purchasing new parkland and park development. DCC rates need to be updated to reflect current costs. If the rates don't change, DCC projects will be underfunded, which could lead to longer timelines for projects to be completed and/or possible tax increases for current residents to pay for projects to service a growing population.

## **STRATEGIC PLAN IMPLICATIONS**

DCCs align with and support the following themes and objectives articulated in the Council Strategic Plan 2023-2027:

- We use mechanisms available to increase and improve the supply of diverse and affordable housing that meets the needs of our residents now and in the future; and
- We continue to improve our active transportation networks and infrastructure to help our residents safely move and connect.

## **CONCLUSION**

DCCs allow Saanich to fairly distribute growth related costs across development. The DCC Bylaw, adopted by Council in 2020, was amended 2023 and 2024 to increase rates based on the CPI. These increases were necessary to ensure that projects continue to be adequately funded and can proceed on schedule.

The current DCC rates are out of date and no longer reflect present-day costs for construction. Staff are recommending that the DCC rates be increased by 2.5%, which is the annual average CPI for Victoria for 2024.

Prepared by: Megan Squires, Strategic Projects Manager

Reviewed by: Troy McKay, Senior Manager Transportation and Development Services

Reviewed by: Paul Arslan, Director of Finance

Approved by: Harley Machielse , Director of Engineering

Attachments:

Development Cost Charges Bylaw, 2019, Amendment Bylaw, 2025, No. 10143.  
BC Stats Consumer Price Index January 2025

**ADMINISTRATOR'S COMMENTS:**

I endorse the recommendation from the Director of Engineering.

Brent Reems, Chief Administrative Officer