

ADMINISTRATIVE REPORT



TO: Board of Directors

FROM: J. Zaffino, Chief Administrative Officer

DATE: July 3, 2025

RE: Request to Waive Development Cost Charges (DCC) and Comprehensive Capital Expenditure Charges (CEC)

Administrative Recommendation:

THAT the following charges related to the proposed development of an affordable housing project comprising 36 units at 5080 9th Avenue, Okanagan Falls, be waived be waived in accordance with section 263(1) of the *Local Government Act* and Regional District of Okanagan-Similkameen Development Cost Charge Waiver Bylaw No. 2803, 2018:

- a Development Cost Charge (DCC) in the amount of \$151,200.00 for sanitary sewer service; and
 - a Comprehensive Capital Expenditure Charge (CEC) in the amount of \$156,168.00 for water service.
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Purpose:

The purpose of this report is to provide options in relation to a request that has been submitted by the South Skaha Housing Society seeking a Development Cost Charge (DCC) and a Comprehensive Capital Expenditure Charge (CEC) in the amount of \$307,368.00.

Strategic Priorities:

Operational

Statutory Authority:

Under Section 559 of the *Local Government Act*, the Board may, by bylaw, impose development cost charges (DCCs) on every person who obtains either a subdivision approval or a building permit authorizing the construction, alteration or extension of a building or structure.

The Act allows a DCC to be imposed for the purpose of providing funds to assist with the capital costs of providing, constructing, altering or expanding sewage, water, drainage, fire protection, police, highway, solid waste and recycling facilities, and providing and improving park land.

Under Section 563 of the Act, the Board may, by bylaw, waive or reduce a development cost charge (DCC) for the following forms of development:

- (a) *not-for-profit rental housing, including supportive living housing;*
 - (b) *for-profit affordable rental housing;*
 - (c) *a subdivision of small lots that is designed to result in low greenhouse gas emissions;*
 - (d) *a development that is designed to result in a low environmental impact.*
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Comprehensive Capital Expenditure Charges (CEC):

Under Section 698(1) of the *Local Government Act*, the board of an improvement district is authorized “to make” a bylaw that, amongst other things, establishes “tolls and other charges, including charges for capital expenditures, payable to the improvement district, and the times of their payment”.

Under Section 263(1) of the *Act*, the Regional District “Board” is granted authority to provide assistance, with “assistance” defined under Section 271 as including an “exemption from a tax, fee or charge” ... “for the purpose of benefitting the community or any aspect of the community”.

Background:

Development Cost Charge (DCC) Bylaw:

At its meeting of October 8, 2009, the Board adopted the Okanagan Falls Sanitary Sewer Development Cost Charge Bylaw No. 2486, 2009, which applies charges for sanitary sewer within the Okanagan Falls Sanitary Sewer Service Area.

The current charge applied to a dwelling unit comprised within an “apartment building” is currently \$4,200 and is to be collected at the time of building permit issuance.

Capital Expenditure Charge (CEC) Bylaw:

At its meeting of March 8, 2012, the (former) Okanagan Falls Irrigation District (OFID) adopted its Comprehensive Capital Expenditure Charge Water Bylaw 2012 (Bylaw No. 371), which applies charges to water service provided, presumably, within the former boundaries of the OFID.

The current charge applied to a dwelling unit comprised within an “multiple housing-apartment” is currently \$4,338 and is to be collected at the time of subdivision or at approval of an application for water service.

At an Annual General Meeting on April 20, 2022, the Okanagan Falls Irrigation District (OFID) voted to dissolve and transfer its services to the Regional District. The provincial government approved this request through an Order in Council (OIC) in November 2022, which went into effect on January 1, 2023. Consequently, the Regional District is now responsible for administering OFID’s Comprehensive Capital Expenditure Charge Bylaw No. 371.

DCC Waiver Bylaw:

At its meeting of April 19, 2018, the Board resolved to adopt the “Regional District of Okanagan-Similkameen Development Cost Charge Waiver Bylaw No.2803, 2018”, which allows for consideration of waiver or reduction requests from “eligible development” in relation to assessed DCCs.

Application History:

At its meeting of April 19, 2018, the Board resolved, amongst other things, that DCCs “in the amount of \$109,200 for the South Skaha Housing Society Affordable Housing Project (26 units) be waived ...”

Further, the Board supported “a 10 year property tax exemption ... to be applied for on an annual basis in accordance with the Property Tax Exemption Policy” in relation to this project.

Analysis:

In considering this issue, Administration notes that the statutory authority to consider the waiver of a DCC is generally intended to remove financial barriers for projects that have been deemed to serve an

Request to Waive DCC and CEC - Okanagan Falls (Electoral Area “D”)

important public interest (e.g. the provision of not-for-profit rental housing, including supportive living housing).

It is also a reflection that projects, such as supportive living housing, often require subsidies in order to be viable, particularly in smaller or rural communities where land values and market rents may be lower. Waiving a DCC *may* further help with upfront capital costs, the overall financial feasibility of the project and the ability of the project's proponents to leverage other funding.

There *may* also be an argument that supportive living housing generates lower demands on water and sewer infrastructure compared to family-oriented or commercial developments.

Finally, a waiver can support policies that the Regional District has previously adopted in its OCP Bylaws to "support housing for a range of income levels, lifestyles and ages including rental housing and secondary suites where appropriate and feasible."

For these reasons as well as a recognition that the Board previously supported a comparable waiver request from the South Skaha Housing Society in 2018, Administration is supportive of this proposal.

Alternative:

Conversely, the amount of charges that are being requested to be waived are considered to be substantial and the foregoing of over \$300,000 will result in a significant loss of revenue for the Okanagan Falls water and sewer systems.

It is anticipated when various Okanagan Falls infrastructure upgrade projects are completed in future to accommodate increased densities, such as the proposed 36-unit development at the subject property, the absence of these funds will pose a significant challenge.

It is noted that local governments are expected to use other (non-DCC) revenue sources to cover the loss of DCC revenue from exempted development, as they cannot raise charges on other developments to offset these exemptions.

As such, it is likely, this loss of revenue for both water and sewer systems from the supportive living housing project would be recovered through additional user fees from the system customers.

Accordingly, an option that remains available to the Board is to deny the waiver request, or to consider the granting of a lesser reduction, such as 25%, 50% or 75% of the calculated cost charges (as opposed to the requested 100% waiver).

Summary:

While Administration supports the waiver request based on the project's public benefit and alignment with established OCP policy, it is acknowledged that the resulting loss in DCC revenue will impact future infrastructure funding and may require offsetting through other sources.

Financial Implications:

Financial implications have been considered and are discussed above (see "Analysis").

Communication Strategy:

No communication strategy is proposed.

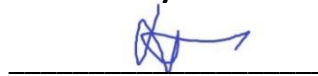
Alternative:

1. THAT the request to waive the Development Cost Charge (DCC) and Comprehensive Capital Expenditure Charge (CEC) in the amount of \$307,368.00 and related to the proposed development of an affordable housing project comprising 36 units at 5080 9th Avenue, Okanagan Falls, be denied; or
2. THAT the Development Cost Charge (DCC) and Comprehensive Capital Expenditure Charge (CEC) in the amount of \$307,368.00 and related to the proposed development of an affordable housing project comprising 36 units at 5080 9th Avenue, Okanagan Falls, be reduced by the following amount:
 - i) *TBD*

Will a PowerPoint presentation be presented at the meeting? No

Respectfully submitted:

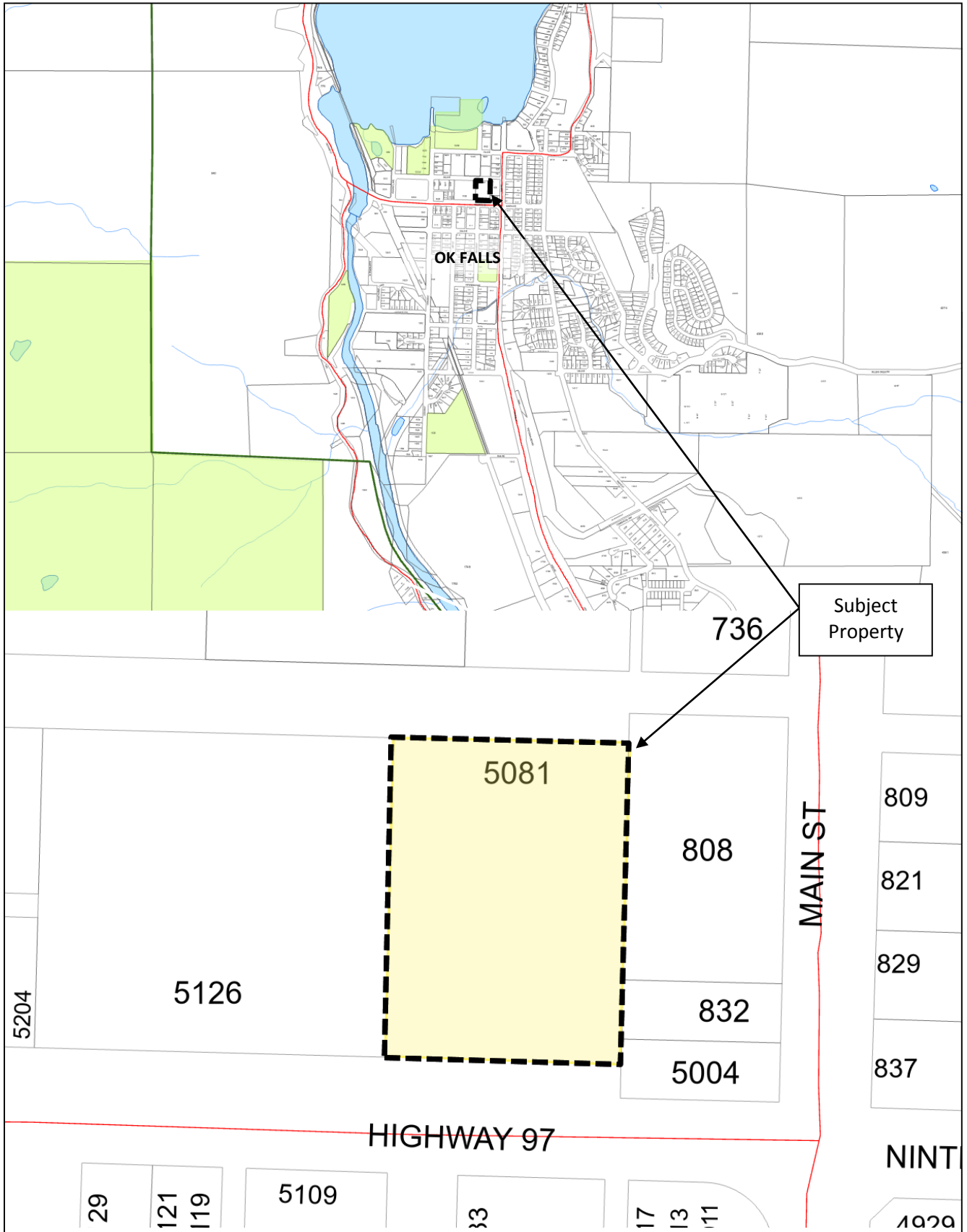
C. Garrish
Senior Manager of Planning

Endorsed By:

A. Fillion
Managing Director, Dev. & Infrastructure

Attachments: No. 1 – Context Map
 No. 2 – Aerial Photo
 No. 3 – Site Photo (Google Streetview)
 No. 4 – Proposed Development Plans (Phase 2)

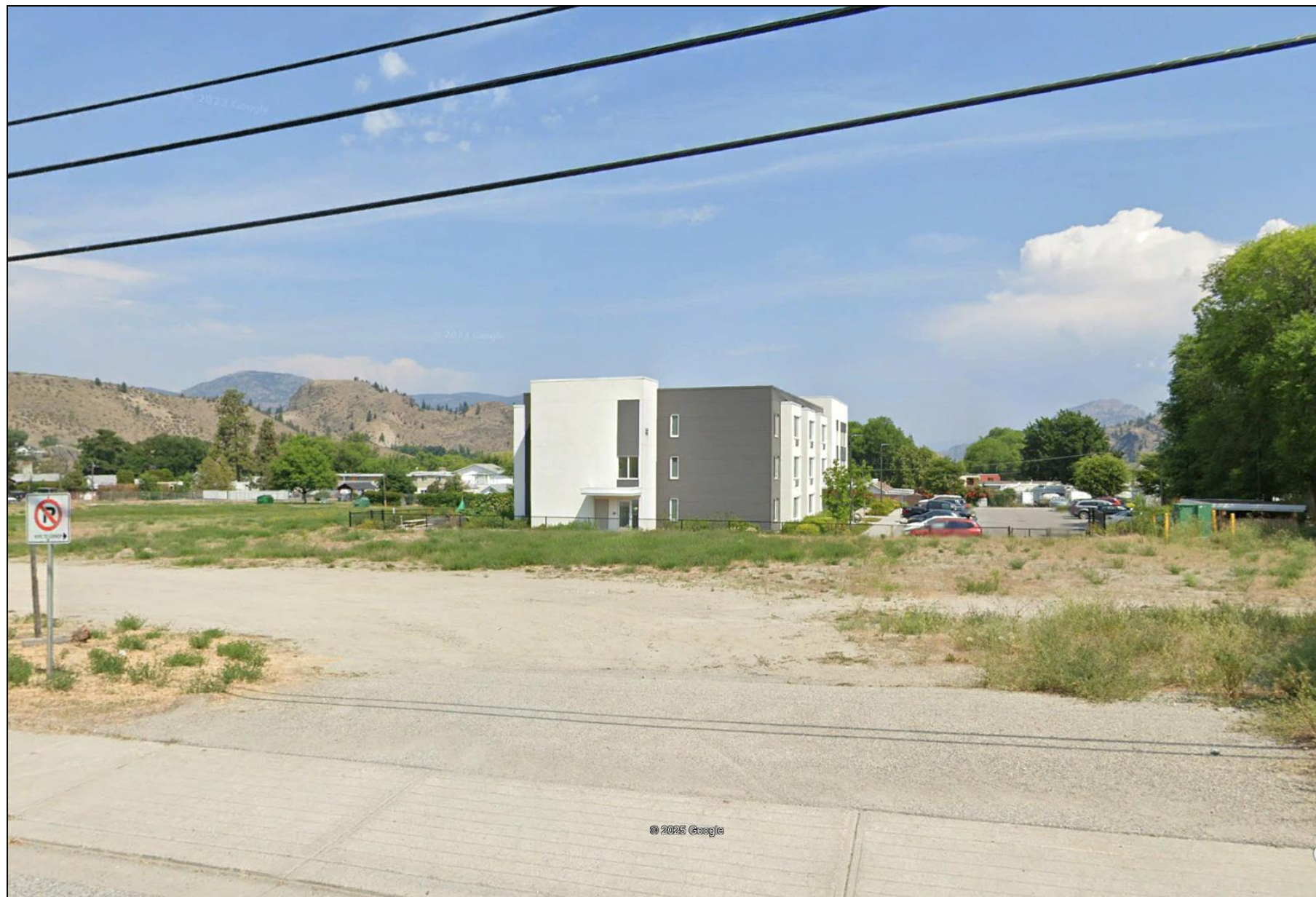
Attachment No. 1 – Context Maps



Attachment No. 2 – Aerial Photo



Attachment No. 3 – Site Photo (Google Streetview)



Attachment No. 4 – Proposed Development Plans (Phase 2)



VIEW LOOKING NORTH



VIEW LOOKING WEST



VIEW LOOKING SOUTH



VIEW LOOKING EAST