

December 16th, 2024

Joel Shaw

Manager, Capital Planning & Asset Management

City of Kelowna

1435 Water Street

Kelowna, BC, V1Y 1J4

Dear Joel Shaw,

Subject: Response to the City of Kelowna's Inflationary Increase in Development Cost Charges (DCCs)

On behalf of the Canadian Home Builders' Association of Central Okanagan (CHBA-CO), we would like to extend our appreciation for your decision to limit the increase in Development Cost Charges (DCCs) to an inflationary adjustment.

DCCs are a significant component of the overall cost of delivering new homes, and as you are aware, these costs are ultimately borne by the end user—the homebuyer. By adopting a strategy of incremental inflationary adjustments, you have taken a pragmatic approach that allows for more predictable and manageable cost planning.

We commend your recognition that large, sporadic increases in DCCs can have a destabilizing effect on housing affordability and the market as a whole. Smaller, steady adjustments not only provide clarity for homebuilders but also help to minimize financial shocks to prospective homeowners, aligning with our shared goal of maintaining attainable housing in the Central Okanagan.

As our region continues to grow, it's important to acknowledge that growth and economic prosperity benefit everyone in the community. The political belief that "growth should pay for growth" does not fully align with the desire for economic growth and the broader benefits it brings. Growth supports vibrant communities, thriving businesses, and better infrastructure, all of which serve the collective good. For this reason, we believe that all residents should contribute to growth, as everyone benefits from a thriving and expanding community.

Looking ahead, with significant changes expected to the DCC programs as announced by the provincial government for 2025, we encourage Council to remain mindful of the impacts that increased DCCs have on the cost of housing. These costs, when added to other government-imposed fees, can become prohibitive for homebuyers. For instance, recent GST reductions from the federal government and ongoing PST considerations from the provincial government are examples of other levels of government working to reduce their impact on the cost of housing. We will note that all three levels of government can collectively account for up to 30% of the cost of a new home depending on the region in BC. This underscores the need for coordination and balance across all levels of government to ensure housing affordability remains a priority.

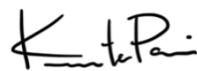
We value the collaboration and open dialogue between our organizations and look forward to continuing to work together in addressing housing challenges in our region. Should there be opportunities to provide further input or engage in discussions on DCC-related matters, we would be happy to participate and thank staff for the engagement we received in this update.

Thank you again for your thoughtful approach to this important issue.

Sincerely,



Cassidy deVeer
Interim Executive Officer
CHBA-CO



Krista Paine
President
CHBA-CO



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January 10, 2025

To: Joel Shaw

Manager, Capital Planning & Asset Management
1435 Water Street
Kelowna, BC, V1Y 1J4

Dear Joel Shaw,

RE: Proposed 2.5% Development Cost Charges (DCC) Inflationary Increase in 2025

On behalf of UDI Okanagan, representing over 200 Developers and thousands of individuals and business owners whose livelihoods depend on the building and real estate industry, we are writing to provide feedback regarding the City of Kelowna's proposed 2.5% increase to Development Cost Charges for 2025.

The development community appreciates the City's commitment to maintaining infrastructure funding that aligns with the region's growth needs. As an organization, we acknowledge the necessity of incremental periodic updates to DCCs to ensure that critical services and infrastructure keep pace with development.

However, increasing DCCs directly impacts the cost of development, which in turn raises the final cost of housing for end users. Additionally, DCC increases have a cascading effect on the price of all housing, as the price of resale homes is indexed to the price of new homes. Therefore, if the cost of new housing rises, so does the cost of existing housing.

We support the proposed 2.5% increase with the objective of providing a balanced approach that allows developers to plan financially while minimizing negative impacts on housing affordability. The caveat in this consideration is to remind Council that the development industry should not bear the responsibility of providing all infrastructure and amenities since the taxpayer reaps the benefit and therefore should bear some of the cost through property taxes.

The adage that 'growth pays for growth' is no longer sustainable and we must emphatically emphasize that DCC increases are challenging as the costs associated with development are skyrocketing and have an exponential impact on the viability of a project.

The development industry understands the partnership with the City of Kelowna in achieving the Provincially mandated housing target. To that end, we implore you to recognize the significant pressures on development costs, including rising construction expenses, labour shortages, and supply chain constraints.

Ultimately, this results in increased housing costs for the end user—a concern that stands in opposition to the shared goal of creating attainable housing options in Kelowna.

We appreciate the City of Kelowna’s efforts to balance infrastructure funding needs with the economic realities of the housing market. UDI Okanagan remains committed to working collaboratively with the City to support sustainable growth and achieve our mutual goal of fostering an inclusive, affordable, and thriving community.

Thank you for considering our feedback. Should you require additional input or wish to discuss this matter further, we welcome the opportunity to engage in dialogue.

Sincerely,



Charlene Thomas
Executive Director
Direct: ((250) 212 4488