

DRAFT RESOLUTION

Re: Graduated Development Cost Charge Policy

THAT Council directs staff to report back with options for a graduated Development Cost Charge (DCC) framework that incentivizes attainable home ownership, including family-sized and ground-oriented housing, with reductions tied to measurable affordability outcomes, while ensuring the City's infrastructure funding remains protected.

BACKGROUND:

Councillor Cannan indicated their intent to bring forward a resolution regarding an attainable home ownership policy following changes to provincial legislation around Development Cost Charges (DCCs).

COUNCILLOR CANNAN COMMENTS:

Communities across British Columbia, including Kelowna, currently offer Development Cost Charge (DCC) reductions or waivers to support affordable housing. However, these programs are typically flat in structure and focused primarily on rental housing, limiting their ability to address broader housing needs – particularly attainable home ownership.

Feedback from residents I have spoken to reflects a growing concern that, while new housing is being built, much of it is purpose-built rental, leaving many feeling that home ownership is increasingly out of reach.

Good news in that recent provincial changes provide municipalities with greater flexibility to reduce upfront costs and partner more effectively with the development community. I believe this creates a timely opportunity for Kelowna Council to consider adopting a more targeted and outcomes-based approach.

That is, a graduated DCC framework would link the level of support directly to the level of affordability delivered – providing greater incentives for projects that deliver deeper, longer-lasting affordability, including family-sized units and attainable ownership options. I know that some of my Council colleagues have also expressed a keen interest in exploring alternative models such as co-housing, cooperatives, and rent-to-own to expand access to home ownership.

This approach enables Council to align incentives with community priorities, while ensuring fiscal responsibility and protecting the City's ability to fund essential infrastructure.

Ultimately, I believe success should be measured not only by how much we build, but by what kind of units and whether the people who live and work in Kelowna can afford to call it home.

HOW A GRADUATED DCC PROGRAM COULD WORK

In discussion with various community partners and developers, a graduated Development Cost Charge (DCC) program would link the level of DCC reduction directly to the level of affordability and community benefit delivered within a project.

I would recommend than rather applying a flat reduction, the City would establish a tiered framework, where:

- Base Projects (no affordability features) so developer/partner pays full DCCs.
- Moderate Attainability (e.g., slightly below-market pricing or modestly larger units) the developer/partner receives a partial DCC reduction.
- Enhanced Attainability (e.g., family-sized units, ground-oriented housing, or price-restricted ownership units) the developer/partner receives a greater DCC reduction.
- Deep & Long-Term Affordability (e.g., secured pricing tied to income levels or long-term covenants) the developer/partner receives the highest level of DCC relief.

The key principle is simple: the greater the public benefit, the greater the incentive.

To ensure accountability and protect taxpayers:

- Affordability targets would be clearly defined and measurable (e.g., price thresholds, unit size, tenure, and duration);
- Incentives would be secured through legal agreements or covenants to ensure long-term delivery;
- The program would be structured so that growth continues to pay for growth, with reductions applied strategically where they achieve meaningful outcomes.

I believe this approach gives developers greater certainty and flexibility, while allowing the City to encourage the types of housing that are currently under-supplied – particularly homes that work for families, seniors, and first-time buyers.

Date: April 20, 2026