



City of
Kelowna

Temporary DCC Relief Proposal

Purpose

To receive information regarding temporary Development Cost Charge (DCC) relief, and to direct staff to advance the proposed DCC relief option

What is DCC relief and what are the benefits?

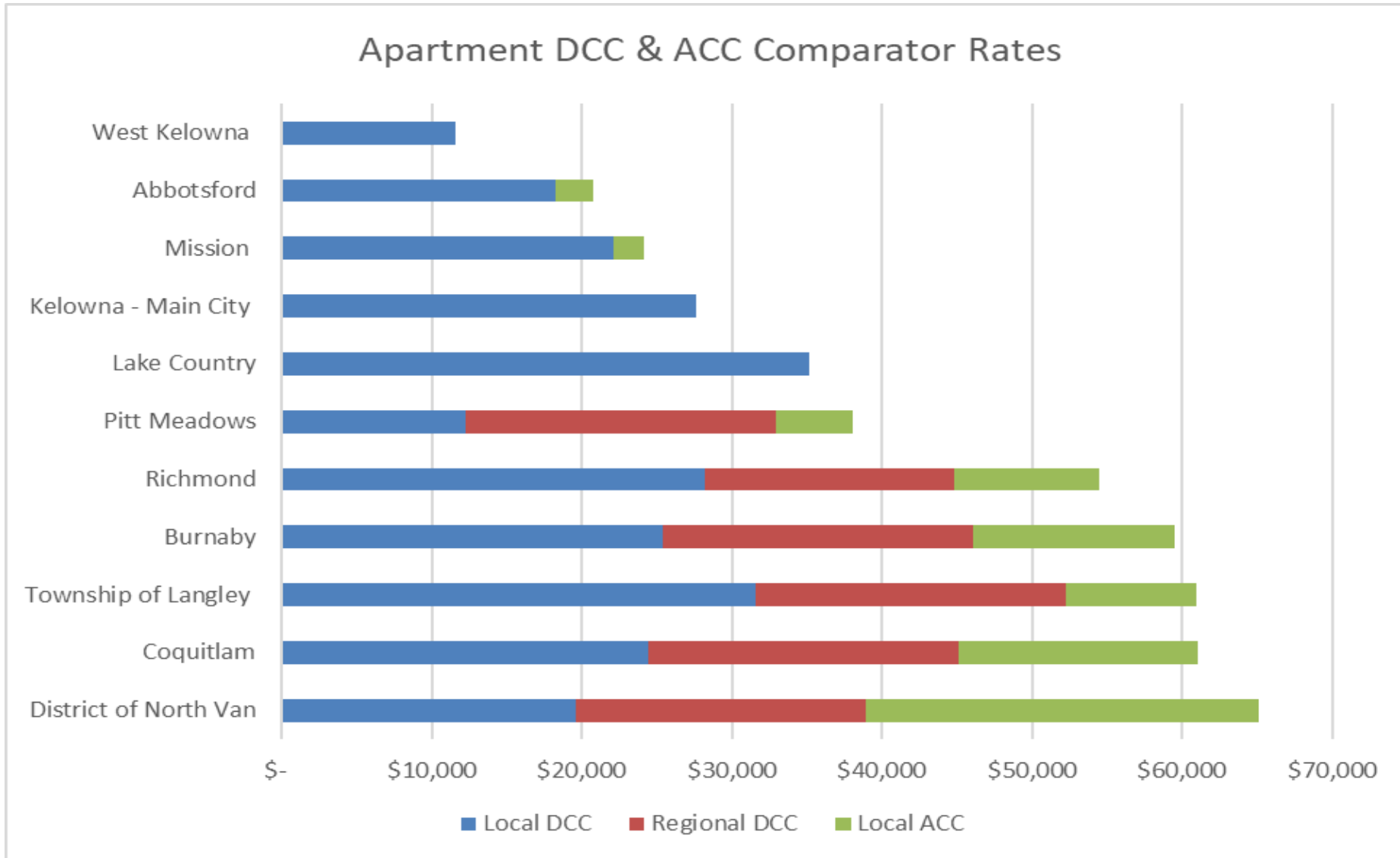
- DCCs: Municipal infrastructure financing tool, Growth pays for growth, Connected to OCP, TMP
- Benefits: projects more financially viable and sustainable

Current DCC Overview



- DCC's represent between 3% to 6%
- DCC fees for an apartment -> \$28,000
- For single-family home -> \$52,000
- Non-res DCCs calculated on m²
- DCC rates increased by 2.5% in 2025

DCCs Compared



Other City Initiatives

- Pre-zoning
- Provincial regulations
- Fast-track
- No CAC/ACC and regional development charges
- Process improvement
- Transportation planning



Why the Proposal?



- Long term housing supply risk
- Economic uncertainty
- Poor market conditions
- To improve project viability

Housing Accelerator Fund Targets

HAF total unit target	YTD total units
7,430	4,497

Building permits are below target

- 61% received building permits
- Monthly averages below target of 206 permits

Options

1. Temporary DCC Reduction
2. DCC Rate Freeze



Option 1: Temporary DCC Reduction

Description

A City-wide 1-year reduction of 20% to all new developments

Impacts

Benefits:

- Improved development feasibility
- Indirect economic benefits, employment
- Federal grant funding alignment

Risks:

- Complex to administer
- Market distortion
- Pressure to extend the relief
- Erodes predictability and stability
- No Federal funding without Provincial funding
- Approx \$5-10M DCC program gap

Option 2: DCC Rate Freeze

Description

2-year freeze in DCC rates

Impacts

Benefits:

- Stability and predictability
- Low administrative burden
- Limited impact on DCC program

Risks:

- Lower immediate benefit to development sector
- Less aligned with federal grants

Schedule

Date	DCC Rates
Mid 2026 – Mid 27	No Increase
Mid 2027 – Mid 28	No Increase
Mid 2028	Potential rate increase takes effect

Recommendation Rationale

- Council priorities - Affordable Housing and Economic Development
- Staff recommendation - *Option 1: Temporary DCC Reduction*
 - Improved development feasibility
 - Indirect economic benefits, employment
 - Federal grant funding alignment

Conclusion and Next Steps

- Economic uncertainty
- Poor market conditions
- Opportunity for temporary relief
- *Option 1: Temporary DCC Reduction*
- Undertake industry engagement
- Develop implementation strategy





Thank you!