

Appendix J - General DCC Principles

Growth Pays for Growth

The principle of DCC is the notion that local governments are not able to directly absorb all growth-related service costs, and that growth itself should assist in funding servicing needs.

DCC are one of the main financing tools to ensure that growth fairly pays for growth. Due to the complexity and the process involved in deriving the long-term DCC assumptions and program costs, it is a known issue that local governments are constantly "catching up" with their DCC programs and DCC rates - especially during the time where growth and costs are rapidly changing. Each major DCC update provides municipalities with the opportunity to update their DCC programs and the associated DCC rates based on known market conditions. However, such "catch up" is typically only temporary before the DCC program costs start to trail behind from the actual costs of delivering the DCC projects. This phenomenon is especially prevalent in recent years where cost escalation faced by municipalities in providing the required DCC infrastructure has increased far more rapidly than general inflation. Despite the annual ability for local governments to amend their DCC rates by general inflation, such adjustments still result in a significant gap.

Any shortfall in DCC funding for costs incurred by the City to support growth will become the City's responsibility through general tax revenue and/or capital reserves. The DCC program allows developers to receive fair compensation in the form of DCC credits when an identified DCC program is dedicated during the rezoning process. This also supports the underlying principle of DCCs, ensuring that developers are fairly compensated in providing infrastructure that support growth.

In-Stream Protection

The Local Government Act provides in-stream protection to building permit applications, subdivision applications and precursor applications (e.g. rezoning application and development permit application) for a period of one year from the date the updated DCC bylaw is effective, which is usually the date of adoption.

To qualify for in-stream protection (i.e. in order for the development to be grandfathered to the current DCC rates instead of the new DCC rates in the amended DCC Bylaw), applications must have been submitted to the City prior to the effective date of the new DCC bylaw, and:

- Building permits/subdivision must be granted within one year of the effective date; or
- Re-zoning and DP applications must result in building permit issuance within one year of the effective date