

DATE OF MEETING DECEMBER 8, 2025

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**SUBJECT DEVELOPMENT COST CHARGE AND AMENITY COST CHARGE  
ENGAGEMENT AND ECONOMIC ANALYSIS UPDATE**

## **OVERVIEW**

### **Purpose of Report:**

To present the findings of the Development Cost Charge and Amenity Cost Charge Engagement and Economic Analysis and update Council on next steps.

## **BACKGROUND**

In accordance with Integrated Action Plan Priority #203, Staff are in a process to “review and update the City of Nanaimo ‘Development Cost Charge Bylaw 2017 No. 7252’”. The existing bylaw was last updated in 2018. In addition to the adoption of City Plan planning for a population increase of 40,000, there have been significant inflationary infrastructure cost increases that are not able to be funded without a bylaw update.

At the November 25<sup>th</sup>, 2024 Governance and Priorities Committee (GPC) meeting, a report and presentation was provided to Council to introduce the subject. At the June 23<sup>rd</sup>, 2025 GPC meeting, Council was presented with an update on the Development Cost Charge (DCC) and Amenity Cost Charge (ACC) projects and provided an opportunity to: review and select the proposed rates, direct Staff to undertake public engagement and undertake an economic impact analysis. The Council motion is below (see appendix A for the report).

*1. Recommend to Council Scenario 2 (Moderate Investment) for the DCC update, and ACC program, as presented in the Staff report titled “Development Cost Charge Bylaw Update and Amenity Cost Charge Bylaw” dated 2025-JUN-23;*

*2. Recommend that Council direct Staff to proceed with:*

- a. Public engagement, including consultation with relevant stakeholders;*
- b. An economic impact assessment of the proposed DCC and ACC rates;*
- c. Preparation of a DCC bylaw and Fire Protection and Police Development Cost Charge Reserve Fund bylaws;*
- d. Preparation of an ACC bylaw and ACC Reserve Fund bylaw;*
- e. Preparation of a Local Area Transportation DCC bylaw for South Nanaimo and South Nanaimo Transportation Development Cost Charge Reserve Fund bylaw; and*
- f. Preparation of a DCC and ACC Waivers and Reductions bylaw to provide an incentive for the development of not-for-profit rental housing and supportive housing.*

*3. Recommend that Council direct Staff to allocate \$125,000 from the Special Initiatives Reserve to fund additional consultant work to support the economic impact assessment.*

With these motions, Council selected the middle DCC rate increase that balanced service delivery and affordability.

Staff have been endeavoring to complete the motions; at this time '2a', '2b' and '3' are complete and '2c', '2d', '2e', and '2f' are in progress. The purpose of this report is to provide an interim reporting out of the findings from '2a' and '2b' both the public engagement and economic analysis.

As a reminder, the proposed DCC and ACC rates selected are listed below in the table.

Land Use	Unit of Charge	Total DCC	Total ACC	Grand Total (DCC + ACC)
Low Density Residential	per lot/unit	<b>\$42,887.29</b>	<b>\$5,278.43</b>	<b>\$48,165.73</b>
Medium Density Residential	per unit	<b>\$24,881.45</b>	<b>\$3,591.83</b>	<b>\$28,473.29</b>
High Density Residential	per unit	<b>\$17,632.20</b>	<b>\$2,186.33</b>	<b>\$19,818.53</b>
Commercial	per m <sup>2</sup> GFA*	<b>\$179.67</b>	<b>\$3.44</b>	<b>\$183.10</b>
Industrial	per m <sup>2</sup> GFA	<b>\$62.08</b>	<b>\$1.41</b>	<b>\$63.48</b>
Institutional	per m <sup>2</sup> GFA	<b>\$179.67</b>	<b>\$3.44</b>	<b>\$183.10</b>

\*Gross Floor Area

## **DISCUSSION**

Public Engagement is complete, and the results are available, see Appendix B for a full report. In summary, a City project webpage and a 'Get Involved' page was made available to broadly share information on the topic. An open house was held on Oct 9<sup>th</sup>, 2025, with both invitations and a public notice advertising it. There were 52 attendees at the open house. To gather additional feedback from interested parties, a public survey was made available from September 22<sup>nd</sup> to October 24<sup>th</sup>, 2025. The survey was focused on gathering feedback on specific elements of the DCC and ACC program. There were 62 individual responses to the survey which are provided in Appendix B.

Two economic analyses have been completed: one to understand the economic impact, specifically to development business decisions, and another to compare the proportion of DCC costs in housing through time. Both analyses show that DCC costs comprise 1-3% of the cost of housing and that increasing DCC rates has a marginal but potentially important impact on development viability. For housing related developments, the proposed updated DCC rates are proportionately similar in impact to development viability to what they were in the year 2000.

The largest cost impact on developments is the land acquisition and build costs. Over the past 20 years land costs have risen by almost a factor of 10 and build costs have approximately tripled. While the proposed DCC rates have increased they have not risen at the same level as

land, but closer to overall build costs. The higher build costs can be mostly attributed to general inflation, material supply cost increases and more stringent Provincial regulation. The cost to finance a development project can also be quite significant and are more than DCC costs.

With all the components that make up the cost of a development, the land value transaction will generally extract as much value as possible. For example, with low DCC rates it allows land transactions to extract more of the value that could have otherwise been allocated to DCC fees. By raising the DCC rates it may put negative pressure on land values temporarily while the market rebalances.

Since the June 23<sup>rd</sup>, 2025 Council meeting there have been some minor changes to the DCC project list and housekeeping modifications that will have a small impact on the final rates. Given that the impact is nominal, those details will be provided to Council as part of the DCC bylaw consideration in 2026. |

## **CONCLUSION**

With the public engagement there was considerable interest and feedback that is informing the DCC and ACC process. Although the majority of the feedback is not supportive of raising DCC rates there was recognition that DCCs are an important funding tool for growth infrastructure. Without raising DCC rates there will not be sufficient funding to build the infrastructure required for growth.

The economic analyses have shown that the portion of development attributable to DCCs has stayed relatively steady through time and they are a small portion of the overall costs.

Next steps include:

Completion of the June 23<sup>rd</sup>, 2025 motions '2c' through '2f' including preparation of draft DCC and ACC bylaws for Council's consideration, and a waivers and reductions bylaw. The target for this next step is Q1 2026. Following the first readings of the DCC bylaw, Provincial approval is required before final adoption. |

### **SUMMARY POINTS**

- The City collects Development Cost Charges to help fund new infrastructure needed to support growth.
- City Plan – Nanaimo Reimagined anticipates growth of 40,000 over the next 25 years; growth which relies on infrastructure. The City's Development Cost Charge bylaw was last updated seven years ago and the revenue collected falls short of what is needed to build the required infrastructure.
- Council selected draft Development Cost Charge and Amenity Cost Charge rates at the June 23<sup>rd</sup>, 2025 Governance Priorities Committee meeting.
- The City has completed public engagement on the proposed rates.
- The City has completed the economic impact assessment of the proposed rates.
- Development Cost Charges typically make up 1-3% of the total cost of development

### **ATTACHMENTS**

- ATTACHMENT A: Development Cost Charge Bylaw Update and Amenity Cost Charge bylaw Report dated June 23, 2025
- ATTACHMENT B: Public Engagement Report dated November 14, 2025
- ATTACHMENT C: Development Financial Feasibility Analysis DCC Update and ACC bylaw dated October 3, 2025
- ATTACHMENT D: Development Cost Charges for the City of Nanaimo, Building Cost Breakdown – KPMG
- ATTACHMENT E: Presentation ]

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