

CITY OF NANAIMO
THE HARBOUR CITY



Development Cost Charges for the City of Nanaimo

Building Cost Breakdown (2000 – 2024)

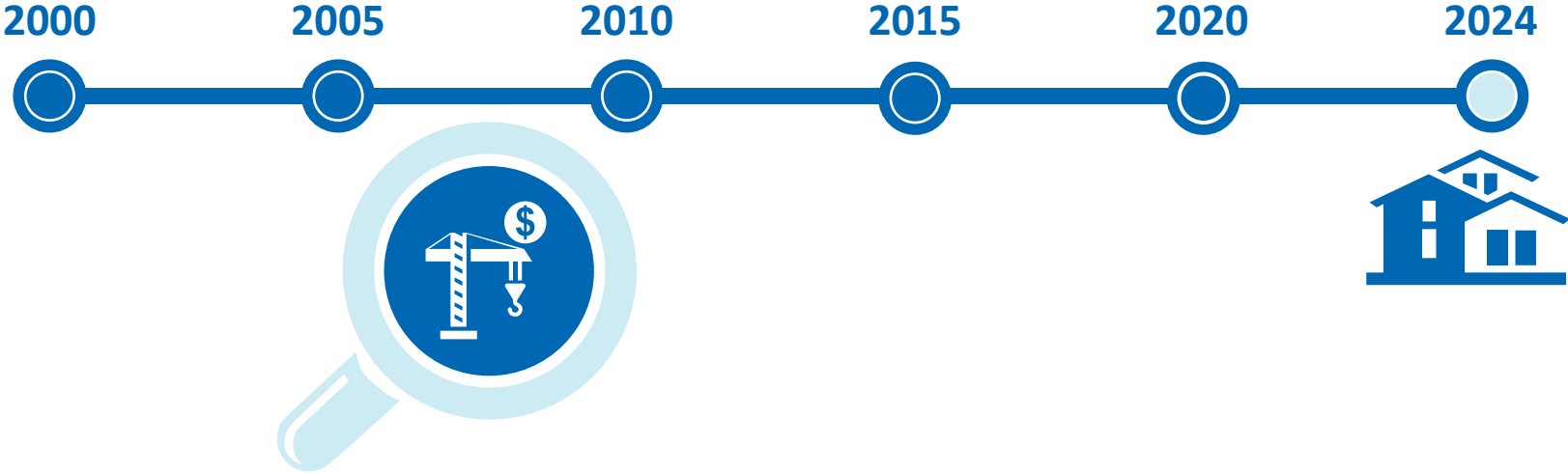
Glossary

Abbreviations

BCB	Building Cost Breakdown
CAC	Community Amenity Contribution
CoN DCC	City of Nanaimo Development Cost Charges
DCC(s)	Development Cost Charge(s)
ESP	Estimated Sale Price
GST	General Sales Tax
MFD	Multi-Family Dwelling
RDN DCC	Regional District of Nanaimo Development Cost Charges
SFD	Single-Family Dwelling

Study Purpose

The purpose of this study is to analyze current and historical Development Cost Charges (DCCs) and Permit Costs in the City of Nanaimo, specifically to understand their materiality relative to the overall cost of home construction. This information will be used to support a review of DCCs.





Development and Permit Costs

Methodology

General Assumptions



Housing Types

For the purpose of comparison, this work used two sample property types

- A 2-storey Single Family Dwelling (SFD).
- A 6-storey, 60-unit multi family residential building.



Timing of the application

Assumed to be following the Subdivision stage in the development process.

- The servicing cost for SFD is assumed to be included in the lot cost as these lots would already have SFD servicing.
- For SFD comparison purposes, the value of Development Cost Charges (DCC's) has been subtracted from land value, as the application of Development Cost Charges (DCC's) on SFD typically occurs at the Subdivision stage.

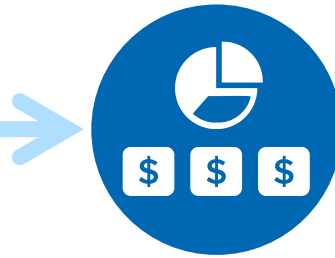
General Methodology



Standardization

Create standard housing types and lot sizes to be compared across multiple years.

These should be representative of typical housing in Nanaimo.



Categorization

Break down the costs tied to housing development into parts that can be analyzed, highlighting where large sources of costs are occurring.



Formulation

Calculate the identified and categorized costs, using annual data to highlight trends across years.

The Model Single-Family Dwelling

A “standard” house example was developed and validated by Nanaimo City Staff to form a consistent product for comparison across the years of the study period.

The following features in the table below were used to establish a consistent development cost for a Single-family dwelling (SFD) across the timeline of this study:

Average Build	Selected Value	Rationale
Sq ft of GFA	2,400	Reflects the median size of recently constructed SFDs in Nanaimo balancing market expectations and efficient use of land.
Sq meter of GFA	223	Metric conversion for planning consistency; used for aligning with municipal or provincial reports and bylaws.
# of Storeys	2	Chosen as it is typical for newer suburban development, providing adequate space while minimizing footprint.
# of units	1	SFDs and assumes no secondary suite.
Lot Land Area (sq ft)	8,050	Based on Median Land Area of SFDs not in the ALR
Lot Land Area (sq m)	748	Metric conversion for planning consistency; used for aligning with municipal or provincial reports and bylaws.

The Model Multi-Family Home

A “standard” multi family example was developed and validated by Nanaimo City Staff to form a consistent product for comparison across the years of the study period.

The following features in the table below were used to establish a consistent development cost for a Multi-family dwelling (MFD) across the timeline of this study:

Average Build	Selected Value	Rationale
Sq ft of GFA	73,500	Reflects the median size of recently constructed MFDs in Nanaimo
Sq meter of GFA	6,828	Metric conversion for planning consistency; used for aligning with municipal or provincial reports.
# of Storeys	6	Chosen as it is typical for newer developments.
# of units	60	Reflects the median size of recently constructed MFDs in Nanaimo (Assumes 85% building efficiency and 1000sq foot unit size)
Lot Land Area (sq ft)	46,000	Based on Median size of lot for MFDs in Nanaimo
Lot Land Area (sq m)	4,274	Provided as metric for regulatory compatibility and comparative analysis.

Building Cost Breakdown

The following cost categories were included in the cost breakdown of an average build for each type of Dwelling (per lot). These cost factors include:



City of Nanaimo Development Cost Charges
(CoN DCC)



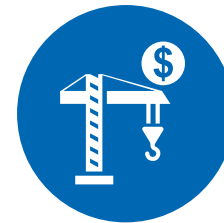
Regional District of Nanaimo Development Cost Charges
(RDN DCC)



City Permits
(DP, Rezoning, Subdivision, and BP)



Land Cost



Home Construction Cost



Lot Servicing Cost



Taxes
(GST, Property Tax)



Financing Costs



Property Transfer Tax



Builder's Costs
(Including Profit Margin – See Note)



Estimated Sale Price
(ESP)

Breakdown of DCC

Example from a SFD

- **DCC rates are sourced from municipal datasets and historical bylaw documents** provided by the City of Nanaimo and its public records for 2000 – 2024. The dates of the changes to the bylaws are shown on the following pages.
- **Costs are shown in actual dollars for each year**, so values represent the real price at that time.
- **The amounts for the “2025 New Rates” column were calculated using draft rates provided by the City of Nanaimo.** For the Single-Family dwelling, the “Low Density Residential” rate was used. For the Multi Family dwellings, the “High Density Residential” rate was used.
- **Fire and Police are new DCC categories** under the proposed DCC update. These are calculated separately but have been consolidate here for ease of comparison.
- Prior to 2008, Water Distribution and Water supply DCC’s were included as a single rate.

DCC Category	Source	Sample Calculation 2000	Sample Calculation 2024	Sample Calculation 2025 New Rates
Sanitary Sewer	City of Nanaimo	\$1358.57	\$1787.04	\$5154.66
Drainage	City of Nanaimo	\$2034.60	\$75.94	\$2117.53
Water Distribution	City of Nanaimo	\$798.13	\$306.34	\$1950.96
Water Supply	City of Nanaimo	N/A	\$5619.55	\$6235.92
Parks	City of Nanaimo	\$3059.12	\$1249.32	\$2853.10
Roads	City of Nanaimo	\$3678.54	\$5824.08	\$17255.76
Wastewater / Sewer	Regional District of Nanaimo	\$2660.00	\$4622.37	\$4622.37
Police and Fire	City of Nanaimo	N/A	N/A	\$7242.45
Total		\$13,588.96	\$19,484.64	\$47,432.75

Nanaimo Bylaw Amendments Page 2 of 2

All DCC rates in the study were calculated based on the bylaws in effect at the time. The following table (Slide 11 and slide 12) indicates which bylaws were used to calculate the DCC rates for the indicated year.

Bylaw	Type	Year Adopted	Year Bylaw used for Calculation	Bylaws Repealed
5250	Roads	1997	2000	5470
5251	Sanitary Sewer Services	1997	2000	5471
5252	Storm Sewer Services	1997	2000	5472
5253	Water Services	1997	2000	5473
5254	Parkland Acquisition	1997	2000	5474

Nanaimo Bylaw Amendments Page 2 of 2

All DCC rates in the study were calculated based on the bylaws in effect at the time. The following table (Slide 11 and slide 12) indicates which bylaws were used to calculate the DCC rates for the indicated year.

Bylaw	Type	Year Adopted	Year Bylaw used for Calculation	Bylaws Repealed
5470	Roads	2001 April	2005	5250
5471	Sanitary Sewer Services	2001 April	2005	5251
5472	Storm Sewer Services	2001 April	2005	5252
5473	Water Services	2001 April	2005	5253
5474	Parkland Acquisition	2001 April	2005	5254
7065	Roads	2008 June	2010, 2015	5470
7066	Sanitary Sewer Services	2008 June	2010, 2015	5471
7067	Storm Sewer Services	2008 June	2010, 2015	5472
7068	Water Distribution	2008 June	2010, 2015	5473
7069	Parkland Acquisition	2008 June	2010, 2015	5474
7070	Water Supply Services	2008 June	2010, 2015	57
7252	Development Cost Charge	2018 April	2020, 2024	7065, 7066, 7067, 7068 7069, 7070, 7082

RDN Bylaw Amendments

The Regional District of Nanaimo charges DCC's for Sewer service in the City of Nanaimo. All DCC rates in the study were calculated based on the bylaws in effect at the time. The following table (Slide 13) indicates which bylaws were used to calculate the Regional District of Nanaimo DCC rates for the indicated year.

Bylaw	Type	Year Adopted	Year Bylaw used for Calculation	Bylaws Repealed
1020.01	Sewer Service	1997 June	2000	n/a
1020.02	Sewer Service	2001 August	2005	1020.01
1547	Sewer Service	2009 March	2010, 2015, 2020, 2024	1020

Breakdown of Building Permit Rates

Example from SFD

- Building Permit rates are sourced from municipal bylaw documents provided by the City of Nanaimo and its public records for 2024.
- It is assumed that the lot is purchased with the appropriate zoning and subdivision already in place.
- At the direction of City of Nanaimo staff, the model **did not use other permit types** such as tree, demolition, or excavation permits as these could **vary significantly from project to project**.
- As permit costs are not the focus of the study, the rates prior to 2024 have been estimated. **Estimations were done using 2024 rate calculations but adjusted to the cost of construction in the year being calculated.**

Permit Type	Source	Building Type	Building Construction Cost	Relevant calculation	Sample Calculation
Building Permit	Fees and Charges Bylaw	Single-Family Dwelling	\$576,000.00 (2024)	\$10 per \$1000 construction cost up to \$100k ((\$7 per \$1000 afterwards)	\$ 4,427.00 (2024)
Building Permit	Fees and Charges Bylaw	Single-Family Dwelling	\$\$233,708.78 (2000)	\$10 per \$1000 construction cost up to \$100k ((\$7 per \$1000 afterwards)	\$ 2,030.96 (2000)

Breakdown of Permit Rates

Example from MFD

- Permit rates are sourced from municipal bylaw documents provided by the City of Nanaimo and its public records for 2024.
- At the direction of City of Nanaimo staff, the permits included in the price of the **Multi-family dwelling** are the Development Permit and Building Permit.
- The model **did not use other permit types** such as tree, demolition, or excavation permits as these would **vary too much from project to project**.
- As permit costs are not the focus of the study, the rates prior to 2024 have been estimated. The rates prior to 2024 have been estimated. Older bylaws are required. **Building Estimations were done using 2024 rate calculations but adjusted to the cost of construction in the year being calculated.**

Permit Type	Source	Building Type	Relevant calculation	Sample Calculation 2024
Development Permit	City of Nanaimo DP Website	Multi-Family Dwelling	\$750 + \$2 per 100 m2 of new / additional gross floor building area (max \$2000)	\$886.57
Building Permit	City of Nanaimo Fees and Charges Bylaw	Multi-Family Dwelling	\$10 per \$1000 construction cost up to \$100k (\$7 per \$1000 afterwards) (Building Costs is 26,337,500.00)	\$ 184,757.50
Total				\$ 185,644.07

Breakdown of Land Cost

Example from SFD

- The City of Nanaimo provided over **20,000 data points of historic land value between 2000 and 2024.**
- The price of land and estimate of lot size was calculated by using the relevant year **tax roll data.**
- **For SFD, calculated DCC's were subtracted from the price of land to reflect that these costs would have been included in the current land cost.**

Cost and Area Metric	Single Family Dwellings in 2024, sample data and calculation
Median Price of Land/sq foot	\$48.17
Median Sq Footage of Land	8,050
Total cost of land	\$414,738.18

DCC's Factored	2000	2005	2010	2015	2020	2024
Land Costs Including DCC's	\$52,336.45	\$79,859.66	\$143,608.51	\$156,450.00	\$263,056.09	\$414,738.18
Land Costs Excluding DCC's	\$42,048.76	\$68,204.12	\$127,548.16	\$138,040.13	\$243,571.45	\$395,253.54

Home Construction Costs

Example from SFD

Housing Costs were calculated using the Altus Group 2024 Canadian Cost guide for the Vancouver area and indexed to the appropriate year using Statistics Canada’s Building Construction Price Index.

The **costs are annualized to each year** meaning there was no need to further adjust for inflation.

To be conservative, the lowest rate given was selected for each type of housing.

Cost and Area Metric	Single-Family Dwelling in 2024
Low estimate cost per sq foot	\$240
Sq Footage of building	2400
Total cost of building	\$576,000

Home Construction Cost by Year (SFD)					
2000	2005	2010	2015	2020	2024
\$233,708.78	\$282,025.96	\$340,332.28	\$410,692.90	\$495,599.94	\$576,000.00

Lot Servicing Cost

Example from MFD

Lot Servicing costs were assumed to be \$0 for SFD as these lots come with existing services

Lot servicing cost for MFD are defined as the costs required to complete the following infrastructure upgrades required by the city or a development project:

- Water Connections;
- Sewer Connections;
- Drainage or Storm Connections;
- On-site and Off-site Storm Water Management Plan;
- Roads and Sidewalks (Access/Road Networking);
- Street Signage and Lighting, Boulevard Landscaping and Maintenance;
- Underground Utilities Connection;
- Property Acquisitions; or
- Right of Ways.

Lot Servicing costs for MFD are calculated as a % of the Land cost, building construction cost and DCC.

The estimation of the Lot Servicing cost for MFD is at 6.9 % of home construction costs based on the Homebuilders Association of Vancouver study of typical new home construction costs from 2021 ([GR21_HouseCost_v8](#))

DCC Category	Source	Sample Calculation 2000	Sample Calculation 2024
Land Cost, Home Construction costs and DCC	Calculated	\$ 13,109,155.44	\$ 29,473,393.43
Lot Servicing Cost	GR21_HouseCost_v8	\$ 904,531.73	\$ 2,033,664.15

Taxes (GST, Property Tax)

Example from a SFD

Before 2008, home sales were subject to 7% GST; this was later changed to 5% GST in 2008.

The additional 6.42% land property tax is also included to account for the assumed payment of said property tax during the development of the property.

Note: *Property Transfer tax is not included at this stage of the calculation. It is included as a separate item in future slides.*

	2000	2005	2010	2015	2020	2024
Home Construction Cost (HCC)	\$233,708.78	\$282,025.96	\$340,332.28	\$410,692.90	\$495,599.94	\$576,000.00
Land Cost (DCC Included)	\$52,336.45	\$79,859.66	\$143,608.51	\$156,450.00	\$263,056.09	\$414,738.18
Calculation	(7%*HCC) + 6.24%*Land Cost	(7%*HCC) + 6.24%*Land Cost	(5%*HCC) + 6.24%*Land Cost	(5%*HCC) + 6.24%*Land Cost	(5%*HCC) + 6.24%*Land Cost	(5%*HCC) + 6.24%*Land Cost
Total Taxes	\$19,717.22	\$24,865.16	\$26,229.72	\$30,571.59	\$41,656.18	\$55,407.24

Financing Cost

Example from an SFD

Financing Cost assumes a loan for 75% of land purchase and construction cost and applies the average construction loan interest rate plus origination fee.

It is assumed that the financing for a single-family dwelling is calculated over 1 year. For a Multi Family Dwelling the financing is assumed to be calculated over 3 years to account for development application and construction time.

Financing cost are calculated to finance the costs of:

- Land and Construction;
- DCC's;
- Permits;
- Lot Servicing.

Construction Loan interest rate	10.63%	Reflects prevailing market lending rates, using average values offered by major banks for residential construction loans.
Construction Loan origination fee	0.75%	Standard industry fee, benchmarks based on typical lender rates for the region and project type.

Financing Cost by Year (SFD)					
2000	2005	2010	2015	2020	2024
\$24,576.50	\$31,075.49	\$41,523.14	\$48,663.34	\$65,052.51	\$84,900.03

Property Transfer Tax

Example from a SFD

The formula used to calculate the [property transfer tax](#) for the single-family dwelling example is assumed to include all costs related to construction

The general property transfer tax applies for all taxable transactions.

The general property transfer tax rate is:

- 1% of the estimated sale price up to and including \$200,000
- 2% of the estimated sale price greater than \$200,000 and up to and including \$2,000,000
- 3% of the fair market value greater than \$2,000,000
- A further 2% on residential property over \$3,000,000.

Property Transfer Tax by Year (SFD)

2000	2005	2010	2015	2020	2024
\$5,312.14	\$7,244.30	\$10,198.36	\$12,292.25	\$17,123.04	\$22,980.39

Builder's Cost Including Profit

The "[2023 State of the Residential Construction Industry \(SORCI\) Annual Report](#)", compiled by the "Association of Professional Builders (APB)" and featured in the "[Canadian Contractor](#)", found that more than half of residential builders operate with net margins of 10% or less.

Accordingly, a **12% margin was applied in the calculations** to account for additional developer soft costs.

This figure was applied to the additional costs of the project and reflects the assumed builder margin used to determine the Estimated Sale Price of the sample housing types, as referenced in "The State of Residential Construction Industry Report".

Builder's Cost Including Profit by Year (SFD)					
2000	2005	2010	2015	2020	2024
\$40,521.85	\$51,292.77	\$67,760.32	\$79,432.79	\$106,362.23	\$139,014.34

Estimated Sale Price (ESP)

Example from an SFD

Building Cost Category	2000	2005	2010	2015	2020	2024
CoN DCC	\$10,928.96	\$8,995.54	\$13,787.50	\$13,787.50	\$14,862.27	\$14,862.27
RDN DCC	\$2,660.00	\$2,660.00	\$2,272.85	\$4,622.37	\$4,622.37	\$4,622.37
City Permits	\$2,030.96	\$2,369.18	\$2,777.33	\$3,269.85	\$3,864.20	\$4,427.00
Land cost (including DCCs)	\$52,336.45	\$79,859.66	\$143,608.51	\$156,450.00	\$263,056.09	\$414,738.18
Home construction cost	\$233,708.78	\$282,025.96	\$340,332.28	\$410,692.90	\$495,599.94	\$576,000.00
Lot servicing cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes (GST, Property tax)	\$19,717.22	\$24,865.16	\$26,229.72	\$30,571.59	\$41,656.18	\$55,407.24
Financing cost	\$24,576.50	\$31,075.49	\$41,523.14	\$48,663.34	\$65,052.51	\$84,900.03
Total development cost	\$332,369.92	\$420,195.45	\$554,470.97	\$649,647.67	\$869,228.91	\$1,135,472.44
Property Transfer Tax (formula for homes with ESP < 2M)	\$5,312.14	\$7,244.30	\$10,198.36	\$12,292.25	\$17,123.04	\$22,980.39
Builder's Cost Including Profit	\$40,521.85	\$51,292.77	\$67,760.32	\$79,432.79	\$106,362.23	\$139,014.34
ESP	\$378,203.90	\$478,732.52	\$632,429.65	\$741,372.71	\$992,714.18	\$1,297,467.18



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Development Cost Charges for the City of Nanaimo

Building Cost Breakdown (2000 – 2024)

Building Cost Breakdown

Single-Family Dwelling (2000 vs 2024)

*Costs are rounded for clarity

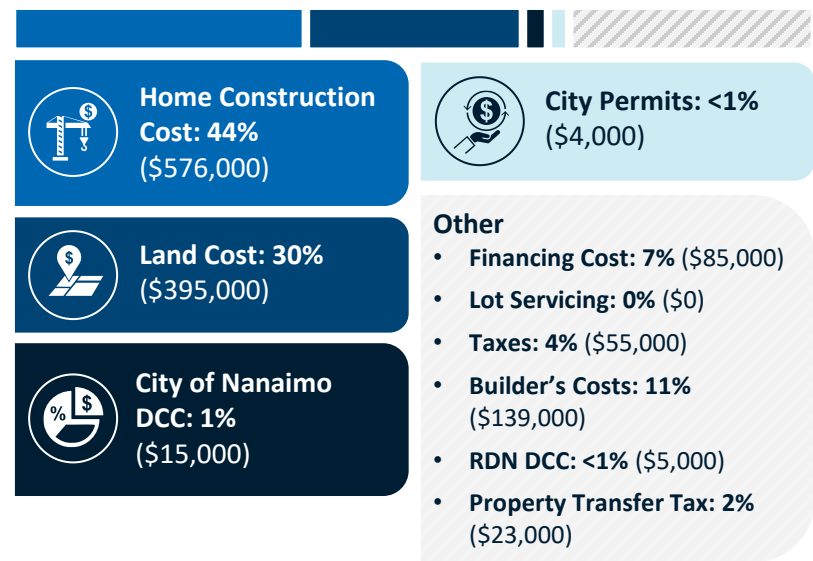
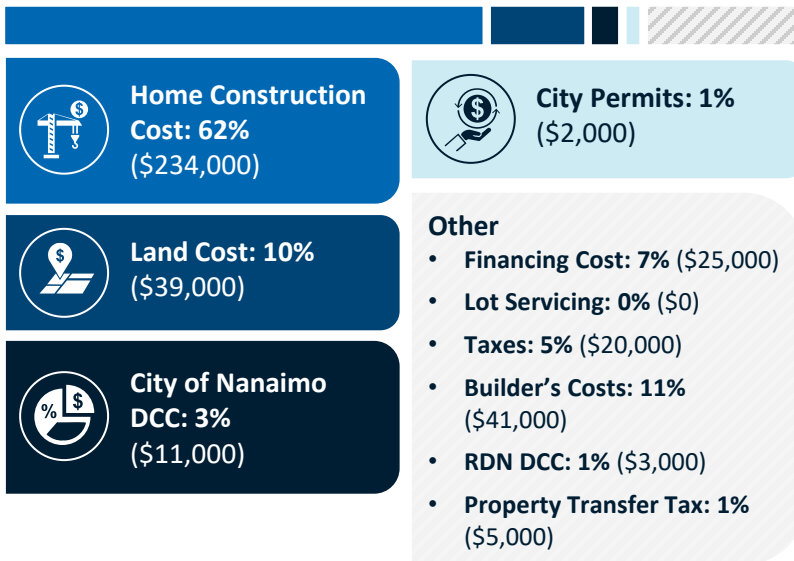
243% Increase since 2000



Year 2000



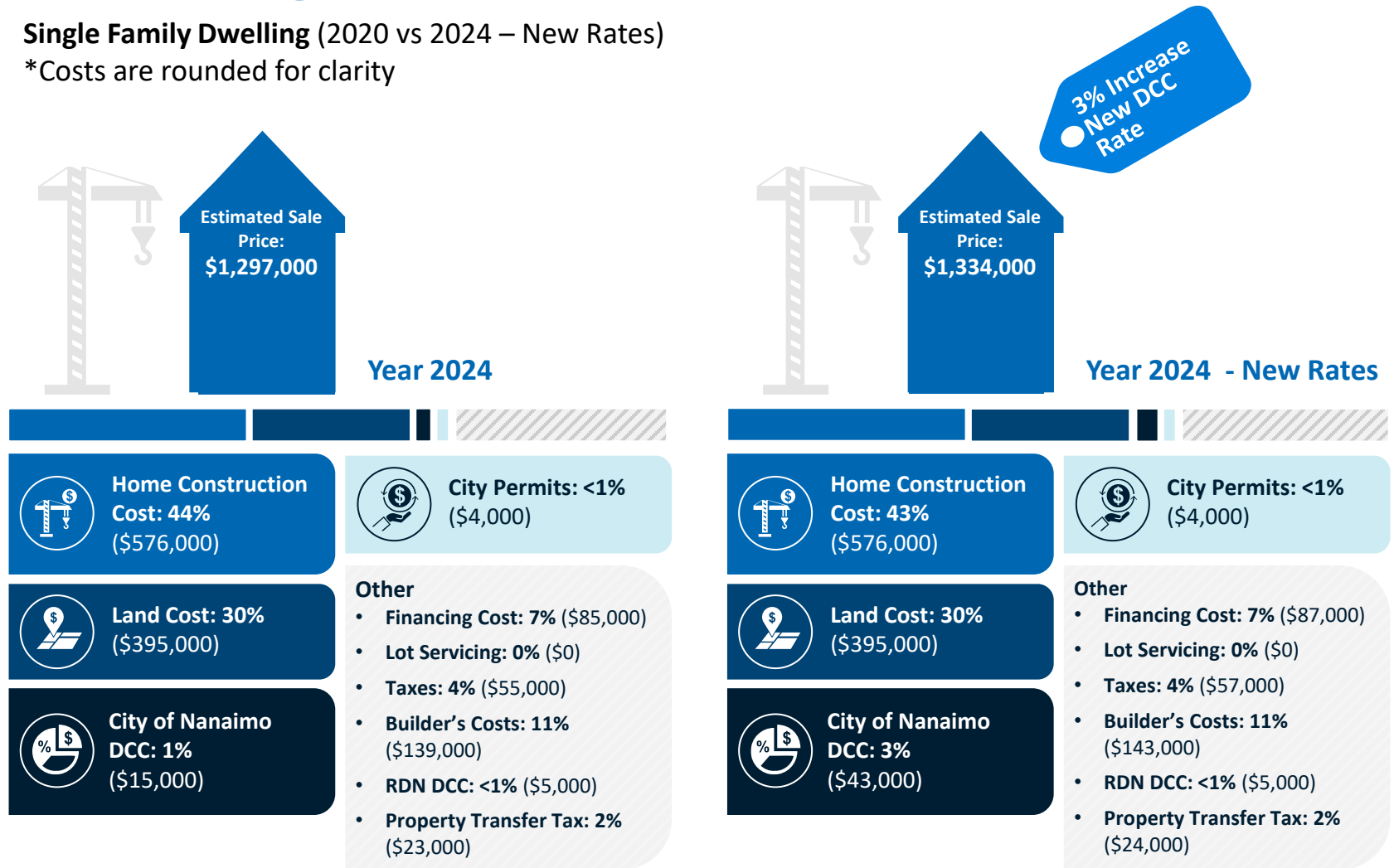
Year 2024



Building Cost Breakdown – New Rates

Single Family Dwelling (2020 vs 2024 – New Rates)

*Costs are rounded for clarity



Building Cost Breakdown

Multi Family Dwelling (2000 vs 2024)

*Costs are rounded for clarity

125% Increase since 2000



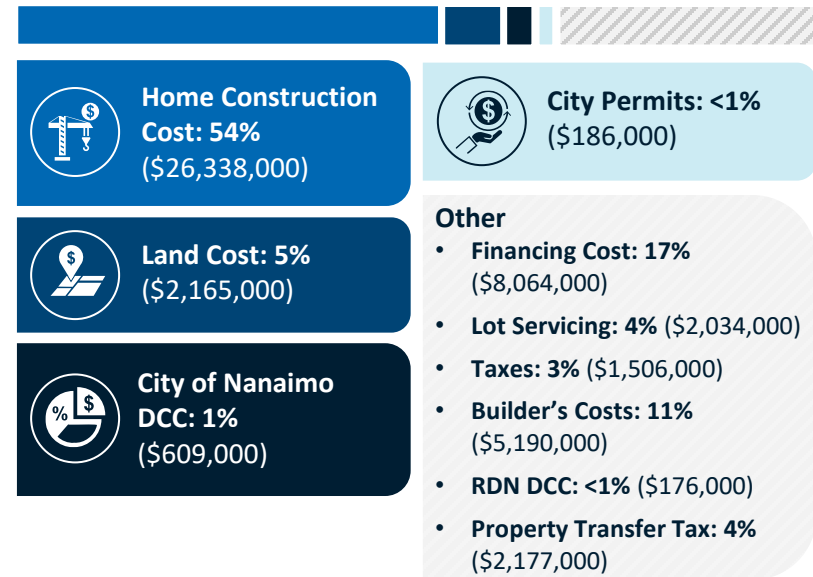
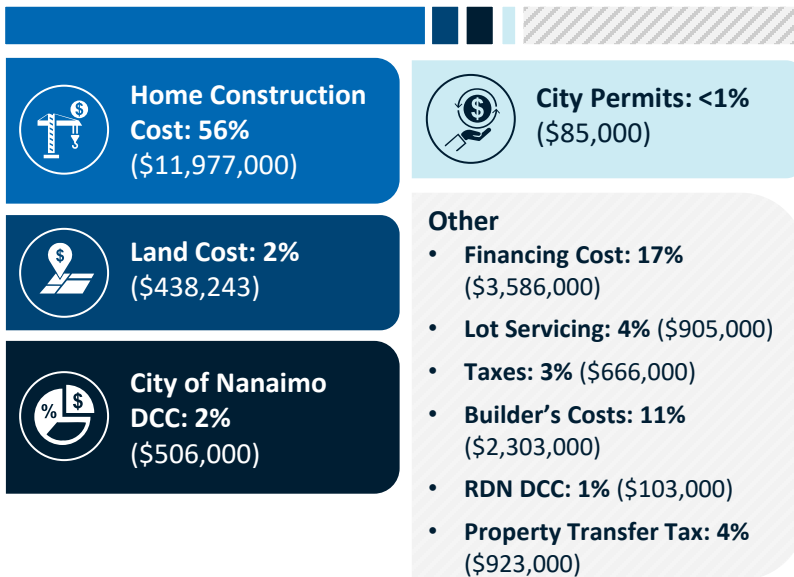
Estimated Sale Price
\$ 21,492,000

Year 2000



Estimated Sale Price:
\$ 48,444,000

Year 2024

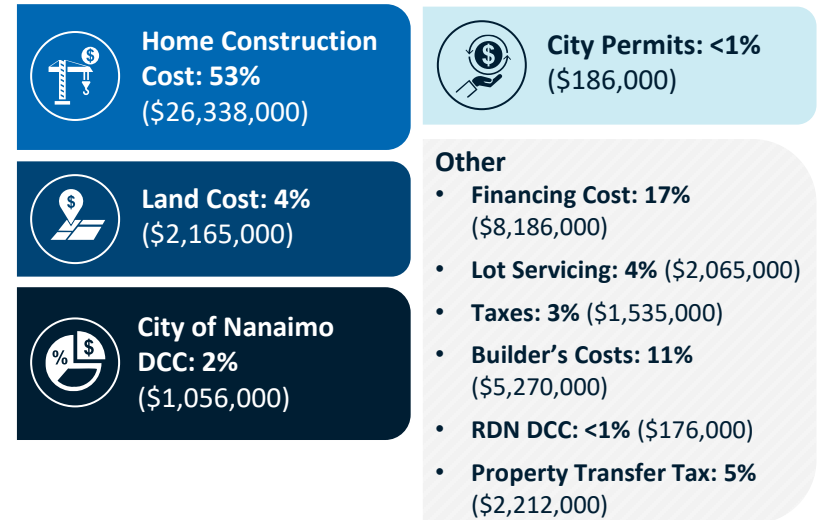
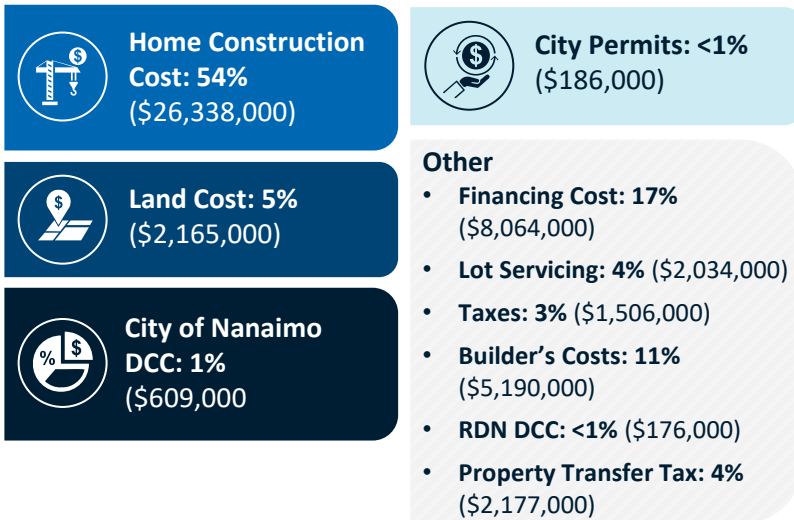


Building Cost Breakdown – New Rates

Multi Family Dwelling (2024 vs 2024 – New rates)

*Costs are rounded for clarity

2% Increase
New DCC
Rate



Note: To clarify that these costs are illustrative and not representative of any single development, the total costs have been rounded.



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