

FOR: COUNCIL

MEETING DATE: April 20, 2026

DEPARTMENT: PLANNING & DEVELOPMENT

SUBJECT: **DEVELOPMENT COST CHARGE REDUCTION BYLAW**

OVERVIEW

Purpose of Report

To present the “City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449” for Council consideration of first, second, and third reading. |

Recommendation

1. That “City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449” (to offer a 50% DCC reduction for not-for-profit rental housing and supportive housing) pass first reading;
2. That “City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449” pass second reading; and,
3. That “City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449” pass third reading.

BACKGROUND

At the 2026-APR-13 meeting Council directed Staff to proceed with a Development Cost Charge (DCC) Reduction Bylaw with a 50% DCC reduction for not-for-profit rental and supportive housing units. Offering incentives for non-market housing is important because the City’s *2024 Interim Housing Needs Report* estimates that Nanaimo will need 12,962 new housing units between 2021-2031 (10-years), with 7,001 (54%) of the units needing to be non-market housing units. Also, the Official Community Plan (City Plan) policy C3.2.6 states the City should consider providing DCC reductions to provide incentives for affordable housing. The proposed new DCC Reduction Bylaw No. 7449 offers a similar reduction to the current Development Cost Charge Bylaw No. 7252, however with updated eligibility criteria for not-for-profit rental and supportive housing units. |

DISCUSSION

The “City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449” proposes to reduce DCCs by 50% for each not-for-profit rental dwelling unit and supportive housing unit that meets the following eligibility criteria:

- The not-for-profit rental dwelling unit or supportive housing unit must be owned or leased by a government agency or a registered non-profit society.
- The not-for-profit rental dwelling unit or supportive housing unit must be rented for a monthly rate that is less than the current average market rent rate (for a comparable size unit) published by the Canada Mortgage and Housing Corporation for the City of Nanaimo.
- An operating agreement must be in place to manage the not-for-profit rental dwelling unit and supportive housing unit, and the agreement must be with a government agency or registered non-profit society.
- The commitment to the not-for-profit rental dwelling unit and supportive housing unit, must be for a minimum of sixty (60) years.
- A covenant under section 219 of the Land Title Act, and a housing agreement under section 483 of the Local Government Act, must be registered on the title of the land, and must have conditions to secure the eligibility criteria listed above.

Staff will introduce an application process such that all those who are seeking a DCC reduction must apply to the City and provide evidence that they meet the eligibility criteria. Additionally, Staff will monitor established housing agreements to ensure the long-term protection of non-market housing units.

COMMUNICATION AND COMMUNITY ENGAGEMENT

To inform the “City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449”, Staff have reviewed:

- i) the public input received during the fall 2025 DCC engagement process, and have conducted interviews with non-profit housing providers;
- ii) DCC waiver and reduction programs from other municipalities; and,
- iii) the Provincial DCC Best Practices Guide published in March 2025.

ALIGNMENT WITH CITY PLAN

The report is aligned with the following City goals:

- A Green Nanaimo: Resilient and Regenerative Ecosystems
- A Connected Nanaimo: Equitable Access and Mobility
- A Healthy Nanaimo: Community Wellbeing and Livability
 - C3.2 Affordable Housing (C3.2.6)

- An Empowered Nanaimo: Reconciliation, Representation and Inclusion
- A Prosperous Nanaimo: Thriving and Resilient Economy

ALIGNMENT WITH COUNCIL'S STRATEGIC PRIORITIES

The report is aligned with the following Council Strategic Framework priorities:

- Implementing City Plan Action Plans and Key City Management Plans
- Social, Health and Public Safety Challenges
- Maintaining and Growing Current Services
- Capital Projects
- Communicating with the Community
- Governance and Corporate Excellence

NEXT STEPS

It is recommended that Council pass first, second and third reading of "City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449". To ensure that a 50% DCC reduction is offered with the City's proposed new DCC program, Bylaw No. 7449 will be presented to Council for consideration of final reading at the same time that the current "Development Cost Charge Bylaw 2017, No. 7252" is repealed, and the new DCC Bylaws are adopted.

OPTIONS

i)

1. That "City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449" (to offer a 50% DCC reduction for not-for-profit rental housing and supportive housing) pass first reading;
2. That "City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449" pass second reading; and,
3. That "City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449" pass third reading.

- The advantages of this option: The City would continue to offer a DCC reduction for not-for-profit rental and supportive housing units.
- The disadvantages of this option: Supplementing the DCC reserve fund will be required. Council has directed that \$661,208 be allocated in 2026.
- Financial Implications: The program does not cap the number of units eligible for a reduction in any given year. In years with high demand, the value of DCC reductions could exceed the approved budget allocation, creating the risk of a budget deficit for that year.

ii) That Council provide alternate direction to Staff.

KEY MESSAGES |

- Continuing to offer a 50% DCC reduction for not-for-profit rental housing and supportive housing provides an incentive for much needed non-market housing in the City.
- It is recommended that Council pass the first three readings of the “City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449”, in conjunction with the City’s proposed new DCC program.

ATTACHMENTS

Attachment A - “City of Nanaimo Development Cost Charge Reduction Bylaw 2026, No. 7449” |

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