



# Council Report

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**Date:** February 3, 2026  
**To:** Anthony Haddad, City Manager  
**From:** Kristen Dixon, GM of Infrastructure  
**Subject:** 2026/2027 Development Cost Charges (DCC) Bylaw Update – Work Plan

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## Staff Recommendation

THAT Council instruct staff to commence a review and update to the Development Cost Charges Bylaw in accordance with the latest edition of the BC Development Cost Charge Best Practices Guide.

## Strategic priority objective

**Mission:** Penticton will serve its residents, businesses and visitors through organizational excellence, partnership and the provision of effective and community focused services.

**Livable & Accessible:** The City of Penticton will proactively plan for deliberate growth, focusing on creating an inclusive, healthy, and vibrant community.

## Background

Development Cost Charges (DCCs) are fees collected at the time of development to help offset the infrastructure costs associated with growth. These charges are calculated based on the projected impact of new development on key infrastructure systems, such as roads, sewer, water, and parks, over a 10-year planning horizon. Costs are then allocated on a per dwelling unit basis for residential construction and a per square foot basis for other types of development (commercial, industrial, institutional) for expected construction over the 10-year period. All DCC revenues are placed in dedicated reserve accounts, as required by the Local Government Act, and can only be used for capital projects identified in the approved DCC program.

The province provides oversight over municipal DCC programs, requiring charges to be approved by the Inspector of Municipalities, following provincial methodology. The province does allow for inflationary increases on a yearly basis every year for a maximum of four years, without having to go through the Inspector approval process, as per the Development Cost Charge Amendment Bylaw

Approval Exemption Regulation (B.C. Reg. 130/2010). This exemption can be used once per year for up to 4 years after the adoption of a provincially approved DCC bylaw or major amendment.

Development Cost Charge Bylaw No. 2022-38, Penticton’s current DCC bylaw, was initiated in late 2020 and adopted in 2022. On December 16, 2025, Council adopted the last permissible inflationary increase for this Bylaw, and staff advised that a major update of the bylaw was planned for 2026/2027.

During business arising on December 16, 2025, Council passed the following resolution:

Business Arising From Item 8.2 - Development Cost Charges Amendment Bylaw No. 2025-41 (Inflationary Increase)

**349/2025** It was MOVED and SECONDED

THAT Council direct staff to report back in early 2026 with the scope of work for the review of the Development Cost Charges program and other associated development costs.

**CARRIED UNANIMOUSLY**

This report summarizes the proposed work plan for the major update of the DCC Bylaw. A separate report is being provided that will benchmark other associated development costs.

*Proposed Work Plan*

The Province of BC has created a Best Practice Guide for the development of DCCs. This Best Practices Guide was followed in 2021 when Development Cost Charges Bylaw 2022-38 was developed and will be followed for the 2026 review and update. Section 937 of the *Local Government Act* requires that the Inspector of Municipalities must review and approve a Development Cost Charges Bylaw prior to adoption. One of the things that they will look for is that the Development Cost Charges were developed in accordance with the Best Practices Guide.

The Best Practices Guide sets out the steps for approval of a Development Cost Charge Bylaw. The first step, and the staff recommendation, is to have a Council pass a motion to consider a DCC program and the development of a DCC bylaw based on the DCC Best Practices Guide.

The work plan for the review and update to the DCC Bylaw is as follows:

<b>Work Plan Item:</b>	<b>Draft Schedule:</b>
Request for Proposal Process and Selection of Consultant	Q2 2026
Preparation of Background Information, including:	Q3 2026

<ul style="list-style-type: none"> <li>• Review of other municipalities DCCs and Assist Factors</li> <li>• Review of Existing DCC's and Projects</li> <li>• Review of Processes related to administering DCCs</li> <li>• Development of Growth Rates</li> <li>• Development of DCC Bylaw timeframe</li> <li>• Review of Best Practices</li> </ul>	
Report to Council with Background Information for Direction	Q4 2026
Develop new DCC's	Q1 2027
Phase 1 Engagement	Q1 2027
Report to Council with Engagement Findings and Direction on Bylaw	Q1 2027
Revise Bylaw as required	Q2 2027
Phase 2 Engagement	Q2 2027
Consideration of New DCC Bylaw by Council	Q3 2027
Approval of New Bylaw by the Inspector of Municipalities	Q3 2027
Adoption of the DCC Bylaw	Q3 2027

### **Financial implication**

The 2026-2030 Financial Plan includes \$75k in both 2026 and 2027 to complete this work.

### **Analysis**

Regular reviews and updates (at a minimum of every five years) are recommended to ensure changes in construction costs can be accurately reflected and to ensure revenues are collected to support growth driven infrastructure projects. The last major update was completed in 2021, with adoption of the bylaw in 2022, and starting this work now will support a new bylaw for 2027 in alignment with this recommendation.

### **Alternate recommendations**

Given the motion already passed by Council on December 16, 2025, staff have not provided an alternate motion not to proceed with updating the Bylaw.

Respectfully submitted,

Kristen Dixon, P.Eng, MBA  
GM of Infrastructure

Concurrence

GM of Corporate Services  <i>AMC</i>	GM of Development Services  <i>BL</i>	City Manager  <i>SH</i>
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