



DEVELOPMENT COST CHARGES PUBLIC GUIDELINES

Planning & Development
devinfo@coquitlam.ca

Table of Contents

Introduction	2
General Overview of Development Cost Charges (DCCs)	3
1. Background Information	3
2. Calculation of DCC Rates.....	3
2.1. How are DCC Rates Calculated?.....	3
2.2. City-wide vs. Area Specific DCCs	4
3. Grace Periods and Instream Protection	4
4. Exemptions to DCCs	5
4.1. Statutory Exemptions.....	5
4.2. Existing Space on Redevelopment Sites	5
4.3. Tenant/Owner Improvements	6
5. Collection and Payment of DCCs	6
5.1. Collection at Subdivision.....	6
5.2. Collection at Building Permit.....	6
5.3. DCC Collection for Developments with Multiple Uses	6
5.4. DCC Collection for Developments with Multiple Phases	6
5.5. Payment of DCCs by Installments	6
5.6. DCC Credits and Rebates	7
5.7. DCC Credits for Equivalent Uses	7
5.8. DCC Credits for Multi-phased Projects.....	8
6. DCC Front-End Agreements	9
7. DCCs Levied by Other Authorities	9
8. Future DCC Updates	9
9. Definitions.....	10

Introduction

The following guidelines have been prepared by City of Coquitlam staff and are for information purposes only. They are meant to provide general information on Development Cost Charges (DCCs) and answers to a number of frequently asked questions. The *City of Coquitlam Development Cost Charges Bylaw, as amended*, is the only official source for the DCC rates.

Any questions pertaining to specific situations not addressed in these guidelines can be referred directly to the Planning & Development department at devinfo@coquitlam.ca.

General Overview of Development Cost Charges (DCCs)

DCCs help pay for transportation, water, sewer, drainage, park acquisition and some park development projects which are necessary to service the community due to growth.

1. Background Information

Per the *Local Government Act*, DCCs are levied on new *development* to pay for the costs of expanding and upgrading the community's transportation, utility and park infrastructure to meet the needs of growth. Many municipalities use DCCs because they are the best way to fairly distribute growth-related costs across *development*.

DCCs are paid by applicants when receiving:

- *Subdivision* approvals to create single family lots; and
- *Building Permits* to construct multi-family, *commercial*, *industrial*, and *institutional development*.

DCCs are used to fund growth-related infrastructure including:

- **Transportation:** new roads and bridges, road widening, capacity improvements, bridge replacement, pedestrian/bike overpasses, sidewalk and street improvements, turning bays and signalization;
- **Water:** new and upgraded water mains, new water pump stations and new reservoirs;
- **Sewer:** new trunk sewer mains, new sanitary pump stations and sewer upgrades;
- **Drainage:** water quality ponds, culvert upgrades, new storm pump stations, stream erosion control works and storm sewer upgrades; and
- **Parks:** acquiring parkland for neighbourhood parks, community parks, *City* parks, linear parks, trails and greenways throughout the *City* and completing some park improvements. There are a variety of park amenities such as artificial sports fields that cannot be funded by DCCs.

DCCs are intended to fund growth and therefore do not fund infrastructure that services existing residents and businesses, nor do they fund operation and maintenance costs for roads, water, sanitary and storm infrastructure, and parks. DCCs cannot be used to fund libraries, fire halls, police stations, community recreation centres and other *City* buildings. As highlighted above, some types of park improvements are not eligible.

2. Calculation of DCC Rates

2.1. How are DCC Rates Calculated?

The purpose of a DCC charge is to fairly distribute growth-related infrastructure costs across the anticipated new *development* that will draw the additional population to the community. The basic DCC calculation is:

$$\text{DCC Rate} = \text{DCC Program Costs} \div \text{Growth}$$

The following steps outline the basic DCC rate calculation:

1. Land use and growth projections are established by *City* community planning documents; growth statistics and various growth rates are reviewed;
2. Capital infrastructure plans are costed; and
3. The cost of works that benefit growth (DCC Recoverable Costs) are then divided by the projected growth.

The project costs and growth projections are determined using the following tools:

- Growth statistics and projections based on the Metro Vancouver Regional Growth Strategy and the City of Coquitlam's Official Community Plan;
- Capital projects from existing technical infrastructure plans and studies such as the Strategic Transportation Plan and the Parks, Recreation & Culture Master Plan;
- Capital costs from existing studies and costs from recent capital project tenders; and
- The portion of the capital cost related to servicing growth is used in the DCC calculation.

2.2. City-wide vs. Area Specific DCCs

The [Provincial Development Cost Charge Best Practices Guide](#) allows DCCs to be calculated on a city-wide or area specific basis; however, the recommended best practice is that DCCs are established on a municipal-wide basis. Recognizing that new infrastructure included in the DCC Program provides benefits to the entire city, the DCCs for the City of Coquitlam are established on a municipal-wide basis.

3. Grace Periods and Instream Protection

The new DCC Rates included in these guidelines will be effective on October 1, 2022 ("*Effective Date*"); however, legislation provides a one-year rate protection for some *development* applications. In accordance with Section 943 of the *Local Government Act*, the new DCC rates will not apply to any *Subdivision* or *Building Permit* for which the application was received by the *City* before the *Effective Date* of the *DCC Bylaw*, provided that:

- a) The application is complete on its face at the time of submission and accompanied by all applicable fees to the *City*;
- b) The owner of the *Development* to which the application relates to has not otherwise agreed in writing to be bound by the new *DCC Bylaw* pursuant to Section 943 of the *Local Government Act*;

- c) The final plan of *Subdivision* is approved by the *Approving Officer* and released to the applicant not more than 12 months after the *Effective Date*; and
- d) The *Building Permit* is issued for the *Development* as applicable, not more than 12 months after the *Effective Date* of the new *DCC Bylaw*.

4. Exemptions to DCCs

This section identifies *development* that is exempt from paying DCCs.

4.1. Statutory Exemptions

Per the *Local Government Act*, a DCC cannot be levied if the proposed *development* does not impose new capital cost burdens on the *City*, or if a DCC has already been paid in regard to the same *development*. However, if further *development* on a developed *parcel* creates new capital cost burdens or uses capacity, additional DCCs can be levied for these costs.

The *Local Government Act* further restricts the levying of DCCs at the time of application for a *Building Permit* if:

- The *Building Permit* is for a place of public worship;
- The *Building Permit* is for a residential *development* containing fewer than four units, unless the local government opts to charge for this type of *development* (the *City* has opted to include a provision in its *DCC Bylaw* to charge DCCs at *Building Permit* for residential *development* containing fewer than four units);
- The value of the work authorized by the *Building Permit* does not exceed \$150,000 or an amount as prescribed by the *DCC Bylaw*; or
- The *Building Permit* is for residential *dwelling units* smaller than 29 m² in size.

The City of Coquitlam does not waive DCCs for affordable housing projects as our Affordable Housing Reserve Fund is used to provide financial support for affordable housing that meets our funding criteria.

4.2. Existing Space on Redevelopment Sites

Redevelopment may involve changes in zoning and/or a change in the building form. For example, an existing *industrial* site may be rezoned to allow additional uses such as *commercial* retail and office (for example, at street level) and residential (for example, apartments on upper floors). The existing building may be demolished to make way for a new building or partially retained for use in the ultimate structure. If the change of use creates additional capital burden on the DCC program, then DCCs will be levied to reflect the additional burden. The *City* may credit the existing floor area at the DCC rate at the applicable land use class when calculating the applicable DCC (see Section 6). Additional floor area would be levied the DCC at the applicable land use class.

4.3. Tenant/Owner Improvements

The *City* may consider *Building Permits* for interior renovations, tenant finishing, seismic upgrades or other interior construction that do not change the use or add floor area and do not generate additional demand on the public infrastructure, to be exempt. Tenant improvements typically fall into this category. Any request for clarification or interpretation of this exemption should be referred to the Planning & Development department.

5. Collection and Payment of DCCs

Per the *Local Government Act*, DCCs must be paid at the time of *subdivision* approval or the issuance of the *Building Permit*:

5.1. Collection at Subdivision

DCCs for *development* involving single family lots will be collected and the rate established just prior to the final approval of the *subdivision*.

5.2. Collection at Building Permit

DCCs for *development* involving multi-family residential, *commercial*, *industrial* and *institutional* lots will be established and collected just prior to *Building Permit* issuance.

For further clarity a *Building Permit* includes either an excavation, foundation or full *Building Permit*.

5.3. DCC Collection for Developments with Multiple Uses

For *developments* with multiple uses, DCCs will be collected based on the type and amount of land use contained in the *development*. For example, if a *development* includes *Commercial* and *Apartment Use* then the following DCCs would apply:

- *Commercial Use* DCCs based on the *Gross Floor Area* of *commercial* space; and
- *Apartment Use* DCCs based on the number of *Dwelling Units*.

In cases where a *development* with multiple uses includes the creation of single family lots through a *subdivision*, DCCs for these lots will be collected just prior to the approval of the *subdivision*.

5.4. DCC Collection for Developments with Multiple Phases

For *developments* with multiple phases, DCCs will be collected just prior to the full *Building Permit* issuance for each building, following Section 5.2 above.

5.5. Payment of DCCs by Installments

As set out in the *Local Government Act*, where City DCCs are \$50,000 or greater, the developer may elect to pay by one-third installments subject to:

- Paying one-third of the DCC charge and a Financial Administrative fee just prior to approval of the *Subdivision* or issuance of the *Building Permit*. For further clarity a *Building Permit* includes either an excavation, foundation or full *Building Permit*;
- Depositing the appropriate security, which will be in the form of a Letter of Credit, for two-thirds of the DCC charge;
- Agreeing to pay the next third payment by due date indicated on the provided invoice one year from the first DCC payment, and the final third payment by due date indicated on the provided invoice two years from the first DCC payment;
- Letters of Credit (LOCs) are a required form of security when choosing to pay in installments but are not a form of payment. Payments are to be made by bank draft or certified cheques; and
- If the DCC installments are not paid by the due date indicated on the invoice provided, the City will draw down on the respective Letter of Credit to collect all the remaining installments' full amount.

5.6 DCC Credits and Rebates

The *DCC Bylaw* provides that DCCs are not payable where the *development* does not impose new capital cost burdens on the municipality. As such, the *City* provides a DCC credit for some redevelopment (i.e., demolition of existing buildings).

5.7 DCC Credits for Equivalent Uses

The DCC credit policy is that a credit will be given where “like for like” redevelopment occurs. Generally, credit will be applied and rebated for redevelopment projects:

- Residential credit for residential redevelopment;
- *Commercial* credit for *commercial* redevelopment;
- *Industrial* credit for *industrial* redevelopment; and
- *Institutional* credit for *institutional* redevelopment.

When calculating credit, existing single-family lots are considered as single *dwelling units*. Redevelopment projects are credited for the single-family *dwelling units* being replaced multiplied by the new DCC rate of redevelopment dwelling type. The following table provides further detail using some examples of redevelopments:

Existing Property Use	Proposed Redevelopment Use	Credit Applied
<i>Commercial</i>	<i>Commercial and Apartment</i>	Credit for the original Commercial Gross Floor Area amount, up to the maximum amount of new proposed Commercial Gross Floor Area . The credit is based on the new <i>Commercial</i> rate.
<i>Apartment</i>	<i>Commercial and Apartment</i>	Credit for the original number of <i>Apartment Dwelling Units</i> , up to the maximum number of new proposed <i>Apartment Dwelling Units</i> . The credit is based on the new <i>Apartment Dwelling Unit</i> rate.
Single Family Lots	<i>Commercial and Apartment</i>	Credit for the original number of residential Dwelling Units , based on the new Apartment Dwelling Unit rate.
Single Family Lots	<i>Townhouse</i>	Credit for the original number of residential Dwelling Units , based on the new Townhouse Dwelling Unit rate.
Single Family Lots	<i>Commercial</i>	No credit applied as not “like for like” use.

5.8 DCC Credits for Multi-phased Projects

In multi-phased projects where there will be multiple individual *Building Permits* issued and separate DCC payments over time, any credits will be tracked and applied using the “like for like” rebate (see Section 6.1) and the applicable bylaw rate in effect at the time of *Building Permit* issuance. Once the original *development* site has been redeveloped fully, credits will no longer be tracked or carried forward for future redevelopment. The following table provides further detail using an example of a multi-phased project:

Existing Building	1,600 m ² <i>Commercial Gross Floor Area</i> and 30 <i>Apartment Dwelling Units</i>
Proposed multi-phased project	4,000 m ² <i>Commercial Gross Floor Area</i> and 400 <i>Apartment Dwelling Units</i> total 4 phases of 1,000 m ² <i>Commercial Gross Floor Area</i> and 100 <i>Apartment Dwelling Units</i> per phase
DCC payments	
Phase 1	PAID FOR: No <i>commercial</i> component (Rebated 1,000 m ² of <i>commercial</i> credit) 70 units x \$ <i>Apartment Dwelling Unit</i> rate (Rebated all the 30 <i>apartment</i> unit credits)

Phase 2	PAID FOR: 400 m ² for the <i>commercial</i> component (Rebated the remaining 600 m ² of <i>commercial</i> credit) 100 units x \$ <i>Apartment Dwelling Unit</i> rate
Phase 3	PAID FOR: 1,000 m ² for the <i>commercial</i> component 100 units x \$ <i>Apartment Dwelling Unit</i> rate (No remaining credit to be rebated)
Phase 4	PAID FOR: 1,000 m ² for the <i>commercial</i> component 100 units x \$ <i>Apartment Dwelling Unit</i> rate (No remaining credit to be rebated)

6. DCC Front-End Agreements

The City may wish to enter into DCC front-ender agreements with developers who build and finance DCC works in advance of the *City's* construction schedule. Under a DCC front-ender agreement, the *City* would agree to collect and forward all future DCCs related to the specific works to the front-ending developer. The *City* can establish an area in which DCCs collected will be repaid to the developer over time. If a specific area is defined, then DCCs collected outside of that particular area cannot be used to repay the front-ending developer. This assumes that there will be sufficient DCCs collected from that area to fund the DCC front-ender agreement. The repayment of interest charges cannot be included in the DCC front-ender agreement. Interest can be recouped only if the DCC already includes an interest component that has been approved by the Provincial Inspector of Municipalities.

7. DCCs Levied by Other Authorities

In addition to the DCCs levied by the *City*, developers are also required to pay regional DCCs. In Coquitlam, the *City* is required to collect DCCs on behalf of the following local authorities:

- Greater Vancouver Regional District;
- Coquitlam School District; and
- Greater Vancouver Transportation Authority (TransLink).

8. Future DCC Updates

DCC Rates are updated periodically and there are two types of updates:

1. Major Update – A complete review of the DCC Program is done due to a number of changes:
 - Land values and construction costs have risen;
 - Projects have been completed (and removed from the program);
 - New information on capital projects becomes available; and
 - New information on development trends becomes available.

In the case of a major update, consultation with interested parties affected by the new rates is required under the Province's DCC Best Practices Guide. In addition, the new proposed rates are required to be submitted to the Province for review and approval by the Inspector of Municipalities prior to Bylaw adoption.

2. Minor Update – This update allows the *City* to increase the DCC rates by inflation, limited to the BC Consumer Price Index. In this case, it does not require approval by the Inspector of Municipalities and is done through Council adoption of an amendment to the *DCC Bylaw*.

In accordance with Section 943 of the *Local Government Act*, the new DCC rates will not apply to any *Subdivision* or *Building Permit* for which the application was received by the *City* before the *Effective Date* of the *DCC Bylaw*, provided that:

- a) The application is complete on its face at the time of submission and accompanied by all applicable fees to the *City*;
- b) The owner of the *Development* to which the application relates to has not otherwise agreed in writing to be bound by the new *DCC Bylaw* pursuant to Section 943 of the *Local Government Act*;
- c) The final plan of *Subdivision* is approved by the *Approving Officer* and released to the applicant not more than 12 months after the *Effective Date*; and
- d) The *Building Permit* is issued for the *Development* as applicable, not more than 12 months after the *Effective Date* of the new *DCC Bylaw*.

9. Definitions

The following definitions are contained in the *City of Coquitlam Development Cost Charges Bylaw No. 5222, 2022*:

"Apartment" means a building used for three or more *Dwelling Units*, and includes such a building subdivided under the *Strata Property Act*; excludes *Townhouse*, *Multiplex Residential*, *Fourplex Residential* and *Triplex Residential*.

"Approving Officer" means an *Approving Officer* as defined in the *Land Title Act*.

"Building Bylaw" means the *City of Coquitlam Building Bylaw No. 3598, 2003*, as amended or replaced from time to time.

"Building Permit" means any permit required by the *Building Bylaw* that authorizes the construction, alteration or extension of a building or structure.

"Building Permit Application" means an application for *Building Permit* that is deemed to be complete by the *City*.

"Bylaw" means this *Bylaw* and any subsequent amendments hereto.

"Carriage House" means an accessory *Dwelling Unit* located primarily above a detached accessory off-street parking structure that is subordinate to the principal building in terms of size, scale and massing, with a separate entrance directly from the exterior and all floor area at or above finished grade elevation.

"City" means the City of Coquitlam.

"Commercial" means a use providing for the sale or rental of goods or services, personal services, or the servicing and repair of goods and includes:

- (a) entertainment and recreation, commercial recreation (as defined in the *Zoning Bylaw*) or extensive recreation (as defined in the *Zoning Bylaw*) facilities,
- (b) commercial schools, including, without limitation, facilities which include instruction in the arts, sports, business, self-improvement, academics and trades,
- (c) service stations,
- (d) tourist accommodations and facilities,
- (e) adult or child day-care centres,
- (f) *Sleeping Units*,
- (g) community care (as defined in the *Zoning Bylaw*) and congregate housing and care (as defined in the *Zoning Bylaw*),
- (h) any use permitted as a *Commercial Use* in the *Zoning Bylaw*, and
- (i) uses ancillary to any *Commercial Use* located on the same *Parcel* that serves or enhances the *Commercial Use*.

"DCC" means *Transportation DCC, Parkland Acquisition DCC, Park Improvement DCC, Drainage DCC, Sanitary Sewer DCC, and Water DCC.*

"Development" includes a *Subdivision* and a proposed *Subdivision*, and the construction, alteration or extension and the proposed construction, alteration or extension of a building or structure for which a *Building Permit* is or will be required.

"Drainage DCC" means development cost charges imposed in Schedule "B" of this *Bylaw* for the purposes of providing, constructing, altering or expanding drainage facilities.

"Duplex Residential" includes:

- (a) any *Parcel* resulting from any *Subdivision* which is used or may be used for a single building or structure containing two *Dwelling Units*, neither of which is a *Secondary Suite, Carriage House* or *Garden Cottage*, and
- (b) any *Dwelling Unit* which is or will be situated in a single building or structure containing two *Dwelling Units*, neither of which is a *Secondary Suite, Carriage House* or *Garden Cottage*, that is constructed, altered or extended on a single *Parcel*.

"Dwelling Unit" means one or more rooms which comprise a self-contained unit with a separate entrance, used or intended to be used as a domicile by one or more persons and usually containing living, sleeping and sanitary facilities, and containing or providing for the installation of only one set of cooking facilities.

"Effective Date" means October 1, 2022.

"Fourplex Residential" means a residential use in which a principal building is used for four principal *Dwelling Units*.

"Garden Cottage" means an accessory residential use in a single-storey building on a lot that is detached from the principal building and is subordinate to the principal building in terms of size, scale and massing.

"General Manager" means the General Manager Planning and Development, or designate.

"Gross Floor Area" means gross floor area as defined in the *Zoning Bylaw*.

"Industrial" means a use providing for the manufacturing, processing, fabricating, assembling, storing, transporting, distributing, wholesaling, testing, servicing, repairing, wrecking, recycling, or salvaging of goods, materials or things for direct use or resale to individual business customers, and not for the general public and includes medical marijuana grow operations.

"Institutional" means a use providing for public functions including:

- (a) government offices,
- (b) schools, and colleges and universities operated by duly incorporated federal or provincial societies exclusively as non-profit, charitable organizations,
- (c) hospitals,
- (d) community centres,
- (e) courts, police stations and jails,
- (f) libraries and museums, and
- (g) buildings associated with public parks, public playgrounds, cemeteries and works yards.

"Instream" means an application submitted and accepted by the *City* as a legitimate application and all applicable application fees have been paid, and where the application has not been declined or rejected by the *City* or withdrawn by the applicant.

"Land Title Act" means the *Land Title Act*, R.S.B.C. 1996, c.250, as amended.

"Minister" means the Minister of Municipal Affairs and Housing for the Province of British Columbia.

"Mobile Home Residential" means a manufactured unit, intended to be occupied in a place other than at its manufacturer, and designed as a *Dwelling Unit*.

"Multiplex Residential" means a residential use that includes three or more principal *Dwelling Units* on a lot in attached, detached or semi-detached forms; excludes *Apartment, Townhouse, Fourplex Residential* and *Triplex Residential*.

"Parcel" means any lot, block or other area in which land is held or into which it is subdivided and for greater certainty, without limiting the foregoing, includes a strata lot under the *Strata Property Act*.

"Parkland Acquisition DCC" means development cost charges imposed in Schedule "B" of this *Bylaw* for the purposes of providing park land.

"Park Improvement DCC" means development cost charges imposed in Schedule "B" of this *Bylaw* for the purposes of providing park land improvements.

"Park DCC" means *Parkland Acquisition DCC* and *Park Improvement DCC*.

"Precursor Application" means:

- (a) an application for the issuance of a Development Permit:
 - (i) submitted and accepted by the *City* as a legitimate application, that includes a completed application form, submission of all required items identified on the Development Permit application checklist, and payment of all applicable application fees; and
 - (ii) the *development* authorized by the *Building Permit* is entirely within the area of land that was the subject of the Development Permit application; or
- (b) an application for an amendment to the *Zoning Bylaw*:
 - (i) submitted and accepted by the *City* as a legitimate application, that includes a completed application form, submission of all required items identified on the Rezoning application checklist, and payment of all applicable application fees; and
 - (ii) the *development* authorized by the *Building Permit* is entirely within the area of land that was the subject of the *Zoning Bylaw* amendment application.

"Secondary Suite" means an accessory residential *Dwelling Unit* within a building of residential occupancy containing only one principal *Dwelling Unit*.

"Sanitary Sewer DCC" means development cost charges imposed in Schedule "B" of this *Bylaw* for the purposes of providing, constructing, altering or expanding sanitary sewer facilities.

"Single-detached Residential Use" includes:

- (a) any *Parcel* resulting from any *Subdivision* which is used or may be used for a single building or structure containing one *Dwelling Unit*, and

- (b) any *Dwelling Unit* which is or will be situated in a single building or structure containing one *Dwelling Unit* and no other principal uses, and which may include a *Secondary Suite, Carriage House, or Garden Cottage* that is constructed, altered or extended on a single *Parcel*.

"Sleeping Units" means one or more rooms that do not contain cooking facilities, used for the lodging of persons.

"Strata Property Act" means the *Strata Property Act, S.B.C. 1998, c. 43*, as amended.

"Street Oriented Village Home" means a residential use consisting of one *Dwelling Unit* per principal building vertically attached by party walls to one or more principal building/s with each individual principal building located on a separate lot (including a strata lot).

"Subdivision" means the division of land into two or more *Parcels*, whether by plan, appropriate descriptive words or otherwise, under the *Land Title Act* or the *Strata Property Act*.

"Subdivision Application" means an application for *Subdivision*, submitted and accepted by the *City* as a legitimate application, which includes a completed *Subdivision* application form, submission of all required items identified on the *Subdivision* Application checklist of the application form, and payment of all applicable application fees.

"Townhouse" means a single building containing three or more *Dwelling Units* separated one from another by party walls extending from the foundation to roof, with each *Dwelling Unit* having a separate, direct entrance from grade and includes all row, linked, patio, garden, court or other housing which meets such criteria; excludes *Multiplex Residential, Fourplex Residential or Triplex Residential*.

"Transportation DCC" means development cost charges imposed in Schedule "B" of this *Bylaw* for the purposes of providing, constructing, altering or expanding highway facilities.

"Triplex Residential" means a residential use in which a principal building is used for three principal *Dwelling Units*.

"Water DCC" means development cost charges imposed in Schedule "B" of this *Bylaw* for the purposes of providing, constructing, altering or expanding water facilities.

"Zoning Bylaw" means the *City of Coquitlam Zoning Bylaw No. 3000, 1996*, as amended or replaced from time to time.