



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

NOTICE OF MOTION

From: Councillors Cavens and Helliwell

Introduced: June 9, 2025

Subject: Discussion on Development Charges

WHEREAS recent staff reports indicate that Esquimalt faces a substantial infrastructure deficit, requiring tens of millions of dollars in capital investment over the coming decades;

AND WHEREAS other municipalities in the Capital Region and across BC use Development Cost Charges (DCCs), Amenity Cost Charges (ACCs), or Community Amenity Contributions (CACs) to fund capital improvements, while Esquimalt primarily relies on property taxes;

AND WHEREAS Council has previously expressed interest in exploring diversified revenue sources to support infrastructure funding, including DCCs, CACs, and ACCs, but these have not yet been included in the Council Priorities Plan;

AND WHEREAS approving large development projects without these charges means the Township may forgo significant funding that could go directly to supporting infrastructure investments and help offset future property tax increases for residents;

AND WHEREAS the planned Development Capacity Study includes a scope to look at the potential of DCCs, CACs, and ACCs in more detail, but will not provide any policy direction related to the implementation of such charges;

THEREFORE BE IT RESOLVED that staff facilitate a high-level Council discussion on additional development charges, including DCCs, CACs, and ACCs, as part of Council's discussions around the 2026 budget using existing data or comparable reports from nearby municipalities where needed, to determine whether Council wishes to add or reprioritize them in the Council Priorities Plan."

BACKGROUND

In British Columbia, municipalities have limited financial tools to fund improvements to capital infrastructure such as roads, sidewalks, storm drainage, and sewers, or to build new buildings such as police and fire facilities, parks, and recreation centres. As Esquimalt continues to grow, new developments place increasing pressure on this infrastructure. To

maintain service levels that residents expect, the Township needs to continually expand and upgrade these facilities.

Historically, much of this infrastructure—particularly recreation facilities—was funded through grants from the provincial and federal governments. Since the 1990s, however, this funding has been significantly reduced, leaving municipalities to rely on property taxes, borrowing, and partial grants to cover the full cost of large projects.

One tool available to municipalities in B.C. is Development Cost Charges (DCCs). According to the *DCC Best Practices Guide* [1],

“DCCs are a development financing tool that enables local governments to collect funds for certain types of capital projects related to highways (roads and related infrastructure), storm drainage, sewers, water, parkland and improvements, fire protection, police, and solid waste and recycling facilities. This infrastructure is necessary to support new development and its demand on utilities and services. DCCs are intended to offset the capital costs associated with the increased need for local government services arising from new development. These are referred to as development-related capital costs.”

Prior to 2023, DCCs could only be collected for sewage, water, drainage, roads, and the acquisition or improvement of parkland. Amendments to the *Local Government Act* in 2023 expanded eligible uses to include fire and police facilities, as well as solid waste and recycling infrastructure.

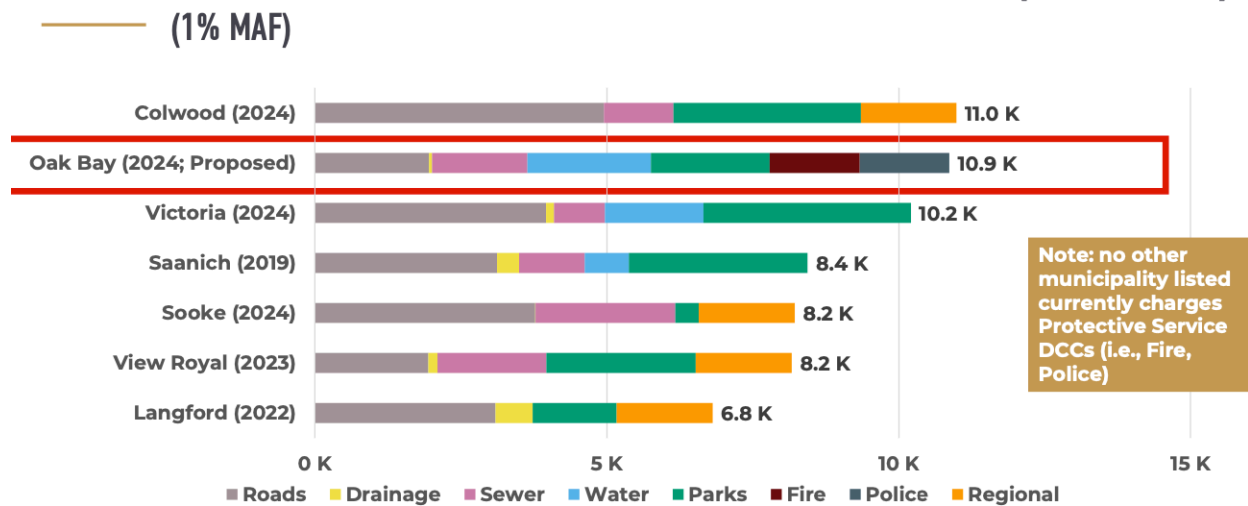
That same year, the Province introduced a complementary tool called **Amenity Cost Charges (ACCs)**. ACCs function similarly to DCCs but can be used to fund growth-related costs for community centres, recreation facilities, libraries, daycares, and public spaces.

DCCs are levied on new developments—typically at the time of approval or construction—on a per-unit or per-area basis. These funds are not general revenue and must be used only for purposes specified in the bylaw. Importantly, DCCs can only be used to cover the portion of costs attributable to growth; they cannot be used for maintenance or repairs of existing infrastructure.

Esquimalt is currently an outlier: it is one of the few growing municipalities in the Capital Region that does not collect DCCs and does not have a DCC bylaw in place. Most neighbouring communities with development activity—such as Victoria, Saanich, Colwood, Langford, and View Royal—have had DCC bylaws in place for years. Oak Bay recently adopted theirs in January 2025. Without a DCC bylaw, Esquimalt must fund growth-related infrastructure entirely through property taxes, borrowing, or external grants.

As part of Oak Bay’s process to adopt new DCC/ACC bylaws, consulting firm Urban Systems compiled comparative data across CRD municipalities in 2024:

DCC COMPARISON: HIGH DENSITY RESIDENTIAL (PER UNIT)



Source: Urban Systems and District of Oak Bay, District of Oak Bay DCC and ACC Programs Council Presentation November 12, 2024 [2]

Were Esquimalt to adopt fees even at the low end of the CRD, the amounts contributed would be significant. For a 100-unit condo building, using Langford's DCCs (~\$6800/unit) and Oak Bay's ACC rate (as ACCs are new, there are few examples) (~\$3900/unit), the Township would receive over \$1,000,000 to fund future infrastructure and facilities.

According to a recent staff report, "the Township's current capital program is not enough to maintain infrastructure sustainably; without an increase in funding and an increase in the rate of repair/replacement of Esquimalt's infrastructure assets, the Township will not be able to sustain services at current levels." [3]

Although the Township has negotiated financial contributions from developers for site-specific underground infrastructure upgrades on an ad hoc basis, a more systematic approach—like DCCs or ACCs—would be a fairer and more consistent way to manage growth-related costs.

While the majority of Esquimalt's infrastructure deficit is not driven by growth, maintaining and renewing aging infrastructure will require major capital investment over the coming decades. DCCs and ACCs, while not a complete solution, offer a way to alleviate some of the financial pressure on property taxpayers over the long term.

There is currently considerable debate in B.C. and nationally about whether DCCs and ACCs discourage housing development during a housing crisis. While the final price of a home is usually market-driven (and not directly tied to DCC amounts), these charges do

affect project viability for developers. Some argue that high DCCs risk making projects unprofitable, thus limiting the supply of new homes. Both the federal and provincial governments have stated that reducing or reforming DCCs may be part of their strategy to accelerate housing construction.

However, it is important to note that DCC rates in Esquimalt's region are relatively low when compared to municipalities in the Lower Mainland or Greater Toronto Area. For example, Coquitlam charges \$32,769 per apartment unit [4], while Toronto charges \$52,676 for a one-bedroom apartment [5].

The recent throne speech indicated a commitment to halve development charges across the country, and the Prime Minister in a recent speech to the Federation of Canadian Municipalities indicated that the Federal Government would make communities whole by providing compensating funding. There's a serious risk that Esquimalt could miss out on an ongoing source of revenue that other Municipalities in BC and the CRD would receive.

Residents in Esquimalt have raised questions about DCCs for years. As Council faces ongoing budget pressures in 2026, this may be an opportune time to formally consider whether DCCs and ACCs should be adopted as part of a long-term strategy to fund growth and infrastructure in a fair, sustainable way.

Footnotes

- [1] https://www2.gov.bc.ca/assets/gov/housing-and-tenancy/tools-for-government/local-governments-and-housing/dcc_best_practices_guide.pdf
- [2] https://connect.oakbay.ca/download_file/492/626
- [3] <https://esquimalt.ca.legistar.com/LegislationDetail.aspx?ID=38095&GUID=AC06642A-5AC5-4DF9-AE4F-43872433CEAB&Options=&Search=&FullText=1>
- [4] https://havan.ca/wp-content/uploads/2023/06/GR23_DCCreport-V3503496.pdf
- [5] <https://www.toronto.ca/wp-content/uploads/2025/04/97eb-DC-Rates-Effective-June-6-2024-and-May-1-2025.pdf>