



City of Delta
COUNCIL REPORT
Regular Meeting

To: **Council**

From: **Finance Department**

Date: **May 12, 2025**

Development Cost Charge Deferral

The following report has been reviewed and endorsed by the City Manager's Office.

▪ **RECOMMENDATION:**

THAT staff request the Minister of Housing and Municipal Affairs review existing legislation to allow greater flexibility in the timing of development cost charge collection and provide new mechanisms to secure collection at occupancy.

▪ **PURPOSE:**

The purpose of this report is to provide Council with information on the financial implications of changing the collection timing of development cost charges (DCCs) and request Council endorsement for the Province to develop new tools for securing DCC collection at occupancy.

▪ **BACKGROUND:**

In light of ongoing economic challenges, including rising costs and labour shortages, City of Delta is working to find new ways to support and accelerate residential development. These efforts are intended to ensure continued progress in delivering housing and infrastructure in the community, as mandated by the Province.

At the Regular Meeting on January 20, 2025, Council endorsed a Motion (Attachment A) directing staff to:

- 1) Conduct a financial analysis on delaying the collection of DCCs until the time of occupancy
- 2) Contact the Minister of Housing and Municipal Affairs, as well as the Boards of Metro Vancouver and TransLink, to consider changing the time of DCC collection

As directed by the Motion, a letter was sent to the Minister of Housing and Municipal Affairs, the Chair of the Metro Vancouver Board, and the TransLink Board, requesting support for the City's proposal to provide local governments with greater flexibility in the timing of DCC collection. In response, Minister Kahlon referenced recent provincial initiatives and advised that staff are examining changes to the DCC framework (Attachment B).

TransLink expressed support for Delta's efforts and encouraged advocacy for provincial change (Attachment C). Metro Vancouver has included DCC timing considerations as a part of their workplan.

▪ **DISCUSSION:**

Local Government Act S. 559 regulates when DCCs are collected by municipalities for new or expanded infrastructure such as sewer, water, drainage, parks, and roads necessary to service new development. In compliance with legislation, Delta collects DCCs at the time of final subdivision approval for single detached homes, or at the time of building permit issuance for all other categories, such as multi-family developments.

Current regulation allows developers to pay DCCs greater than \$50,000 via 3 installments over 2 years. This is a common practice, particularly for large, multi-unit developments. The unpaid amount is secured by a letter of credit until it is collected.

Allowing developers to defer payment of DCCs to occupancy, when revenues are typically realized, could lead to key benefits:

- 1) Accelerated housing delivery by easing financial pressures associated with rising construction costs
- 2) Improved housing affordability through increased supply of new units
- 3) Support for the City's efforts to meet provincially mandated housing targets

In assessing the financial effect of changes to DCC collection, City staff reached out to municipal counterparts to gather information on their processes. Extensive discussions were also held with a third-party consultant to provide additional perspective on the considerations specific to Delta in altering its DCC collection approach.

The financial implications identified through this process relate to factors that are both internal and external to the City. First, administrative changes are needed to align the City's systems and processes with the new timelines and requirements adopted by other regional agencies. Second, the timing and availability of funds might require the City to re-prioritize capital projects and explore additional funding sources. Lastly, as raised by others in the region, collecting DCCs at the time of occupancy is a concern, as it may present challenges. Once a project is otherwise complete, it may be difficult for the City to withhold occupancy due to unpaid DCCs. There is potential for multiple owners at the time of occupancy, versus a single developer to collect from. Administrative processes can be managed with sufficient time for pre-planning for the change. However, legislative changes will be required to provide the necessary tools to support collection by municipalities.

Provincial legislative amendments are needed to permit municipalities to adjust the timing of DCC collections. In a March 21, 2025, media release (Attachment D), Metro Vancouver noted that the province is planning some initiatives aimed at helping homebuilders finance construction projects, including:

- 1) Proposal to extend payment timelines for DCCs
- 2) Extension of existing in-stream protections for housing projects subject to Metro Vancouver DCCs were included in Bill 13, which was scheduled for third reading on May 13, 2025
- 3) Consideration of waiving DCCs for non-market homes within market housing projects

Implications:

Financial Implications - Changing the process for DCC collection could benefit Delta by accelerating the delivery of housing. This would require legislative changes to permit deferred payment and introduce new tools to secure collection.

CONCLUSION:

Under current legislation, Delta is unable to defer collection of DCCs to the occupancy stage. However, recent provincial initiatives aimed at modifying the DCC installment program and providing enhanced in-stream protection for specific developments are expected to help homebuilders finance residential construction.

To further support these efforts, if Council endorses the recommendation to this report, Delta will advocate for legislative changes that would grant local governments greater flexibility in administering DCC collection, as well as explore alternative mechanisms to secure payment.



Navin Chand, CPA, CMA
General Manager, Finance

Department submission prepared by: Laura Ball, Manager, Financial Planning
NC/lb/ds/eg

This report has been prepared in consultation with the following listed department.

Concurring Department		
Department	Name	Signature
Development	Doreann Mayhew	DM

ATTACHMENTS:

- A. Motion adopted by Council January 20, 2025
- B. Letter from Minister of Housing and Municipal Affairs
- C. TransLink Response to City of Delta
- D. Metro Vancouver Media Release