

# Developers appeal for delay of increase in building fees



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## Hike in development cost charges opposed

Developers against a proposed increase in Kelowna's building fees say raising them now could trigger a slowdown in construction and drive up the cost of new homes.

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Appeals from developers for the city to delay implementation of higher building fees got a sympathetic hearing from municipal officials this week.

But staff are still recommending council authorize increases to development cost charges by between five and 15 per cent this spring.

"We understand the development community would like us to wait a bit for these higher DCCs to come into effect. But we're saying, basically, we can't afford to wait," Joel Shaw, a city engineer said Thursday.

"Construction costs, in particular, have gone up these last two years," Shaw said. "We need these higher DCCs just to keep pace with current market conditions."

About 40 people connected to the city's development industry attended an open house on the higher DCCs held Tuesday at the downtown library. City council has already given preliminary approval to the higher charges, but held off final authorization pending the open house consultation process.

Developers say raising the rates — which are used to pay for community projects such as roads, sewers and waterlines — could trigger a building slowdown and push home prices higher.

"Despite the improving year of development activity for Kelowna in 2015, Kelowna's housing market is at risk due to the softening of a major demand driver — the Alberta market," said Andrew Gaucher, chairman of the Kelowna chapter of the Urban Development Institute.

"With jobs being affected daily in the oil and gas industry, associated industries and suppliers are affected as well, and it is very likely the impacts will begin to show themselves in Kelowna in the near future," Gaucher said. While the UDI acknowledges construction costs have increased recently, it says much of this is due to the weakening of the Canadian dollar versus the U.S. dollar.

"These currency fluctuations should not be a driver of rates that stay in place for many years at a time," Gaucher said.

At the very least, the UDI has sought a six-month delay in implementing the higher DCCs, but staff intend to seek final council approval for the raised rates later this month.

Total new DCCs for a home in the Mission would be \$37,800, up from \$33,100, while DCCs for a new home downtown would be \$20,600, up from \$18,900.

The DCC schedule has not been revised in five years, city officials note. As well, they say in-stream development applications will be protected from the higher fees for one year.