



**URBAN DEVELOPMENT INSTITUTE- OKANAGAN CHAPTER**

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January 29, 2016

City of Kelowna  
1435 Water Street  
Kelowna, BC V1Y 1J4

**Attention: Joel Shaw and Doug Gilchrist**

**Subject: Follow-up from DCC Meeting**

The Urban Development Institute (UDI) is a national association (with international affiliations) of the development industry and its related professions. The corporate members of the UDI - Okanagan Chapter represent hundreds of individuals involved in all facets of land development and planning, including: developers, property managers, financial lenders, lawyers, engineers, planners, architects, appraisers, real estate professionals, local governments and government agencies.

As a Partner in Community Building, the UDI Okanagan Chapter is committed to working with communities and governments to create and achieve the vision of balanced, well-planned, sustainable and affordable communities.

Thank you for meeting with representatives of UDI Okanagan on January 22, 2016 to discuss the City's proposed DCC increase. We also appreciate the City's prompt response in providing us with the additional information that we requested in advance of our meeting to help us better understand the City's approach and rationale for the current DCC program.

Upon further review of the DCC Unit Costs, they are generally within 10% of tender unit rates that our members are receiving. There are a few exceptions and comments to that however, as follows:

- With regards to the current contingency of 25%, we believe that this is excessive, as the projects that are in the DCC bylaw have been scoped and detailed to a level where a 25% contingency is unnecessary. A cost estimate that has evolved to the level of detail where preliminary design is known and unit rates can be determined is a Class B estimate, and should carry a 15-25% contingency. Where design has been undertaken, it should be Class A at 10-15%. In light of this and taking into consideration our shared concerns relating to the negative impact on housing affordability and the market in general that this DCC rate increase will have, UDI Okanagan recommends that the City revise its contingency from 25% to 15%. We also request that that the City provide clarification as to the value of the Engineering carried.

- It appears that the DCC Projects fronting development properties are all based on Full Urbanization.
- Airport Way is in at \$1,169,000 construction cost. Much of the work is completed, yet the full amount remains in for DCC's.
  - Airport Way also includes a land purchase of \$245,000 for 1872 sq. m/ \$130/sq. m dedication which is already completed. Land compensation was at \$10.76/sq. m, for only a small area.
- Sexsmith Road #5, where properties undergoing rezoning are required to urbanize, including Curb/Gutter, S/W and street lighting, the developer only receives reimbursement for the over width fillet, not all works charged/collected.
  - Land Acquisition is 10,424 sq. m/\$371.00/sq. m yet the City only pays \$10.76/sq. m for over-width dedication.
- Hollywood Road #8 where the total length of the road is 4775m, of which 3000m has already been dedicated with little or no compensation. About 600m will be dedicated by UBCO with compensation of the extra 5m equal to 3000 sq. m and assuming full dedication through Serwa's 29,500 sq. m. The DCC suggests 65,000 sq. m double the actual. Based on the assumption that the DCC will have to pay for the construction of 2,200m, our calculations are that works out to be \$4500.00/m not including contingency and assuming UBCO and Serwa's do not pay for any of the road.

We would appreciate details responding to our questions and concerns stated herein.

As we have discussed, a thorough and high level joint-review of the historical approach to DCC's is pending this spring. We would like to reiterate our request to postpone and add this minor amendment into that review which may answer and possibly correct some of the concerns we have raised.

If the City team will not consider postponing the adoption of this minor amendment, we would request that a two year grandfather term be applied to the adoption of these increased DCC rates. The Kelowna market needs this time to adjust to the turbulent global economic environment, and prepare for these cost increases.

Thank you for continuing to engage us in this important process and for your consideration of our feedback today. We look forward to continuing to work with the City of Kelowna on this matter.

Sincerely,

**URBAN DEVELOPMENT INSTITUTE OKANAGAN CHAPTER**



Per: Andrew Gaucher, Chair of UDI Okanagan