



**URBAN DEVELOPMENT INSTITUTE- OKANAGAN CHAPTER**

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February 15, 2016

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

**Attention: Mayor and Council**

**Subject: Request to Delay Development Cost Charge (DCC) Increase**

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.

The purpose of this letter is to communicate the UDI Okanagan's concerns regarding the City's proposed DCC increase of up to 14.1% in some cases. This significant increase risks undermining market stability at a time when it is already under threat from external international forces and also risks further erosion of housing affordability, which is in direct opposition to the goals of UDI, the City of Kelowna and the Province.

It should be noted that outside of Vancouver and Toronto, our national housing markets are still fragile, and 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. With jobs being affected daily in the oil and gas industry, associated industries and suppliers are affected as well and it is very likely that the impacts will begin to show themselves in Kelowna in the near future. A large increase to DCCs at this time would undermine the very momentum that both UDI and the City have worked so hard to regain over the past seven years.

Much of the materials costs for construction have increased in the past year simply due to the weakened value of the Canadian dollar versus the US dollar. These currency fluctuations should not be a driver of rates that stay in place for many years at a time. Since developers are an intermediate provider in the supply chain, we must pass on cost increases that we experience to the consumer; this DCC increase will ultimately result in a higher cost of housing for citizens, further eroding housing

affordability at a time when the lack of affordable housing is an increasingly important issue at both the local and provincial level.

UDI, in conjunction with City Staff, have been reviewing and discussing unit pricing and measures to reduce increasing DCCs. We very much appreciate the efforts Staff is going through to accommodate the concerns of UDI, however we wish to additionally impress the importance to delay this increase at this time.

Staff has expressed an openness to undergo an arm's length joint-review of the historical approach to the current DCC program. As per discussions in November, 2015 with City staff, UDI is drafting a Terms of Reference for this DCC Review. We intend to have this completed prior to the end of 2016.

Given the Provincial focus of affordability in British Columbia, the tumultuous global economy which we are experiencing and both the City of Kelowna and Urban Development Institute's goal of maintaining and improving affordability and diversity in housing, we ask that this minor DCC Update be postponed until the high level joint-review of the DCC program is undertaken this spring. This review may answer and possibly correct some of the concerns we have raised about this DCC increase. Further, it provides more time to fully understand and appreciate the impacts that the oil and gas industry woes will have on Kelowna.

Thank you in advance for your careful consideration of this important matter.

Sincerely,

**URBAN DEVELOPMENT INSTITUTE OKANAGAN CHAPTER**

A handwritten signature in black ink, appearing to read 'Andrew Gaucher', with a long horizontal flourish extending to the right.

Per: Andrew Gaucher, Chair of UDI Okanagan