

Report

Date June 18, 2025

File: OCP00031

Subject OCP Application North of Herd Road – Request for Information

PURPOSE

To request Council direction regarding a requirement that the applicant provide a financial impact assessment for application OCP00031. The recommendation to deny the application is unchanged from the November 20, 2024, request for early consideration.

BACKGROUND

The application (OCP00031) is requesting to expand the Urban Containment Boundary (UCB) and amend the “Future Growth Area” land use designation to facilitate a 13.4 Ha (33 acres) residential and mixed-use development north of Herd Road in the Bell McKinnon area. Note that since November 2024, the applicant has added three additional properties to the application. Attachment 1 provides updated mapping of the subject property.¹

On November 20, 2024, staff presented the application to Council for early consideration, and Council made the following resolution:²

“THAT Council directs staff to:

- a) proceed with processing application OCP00031 and draft an amendment to Official Community Plan Bylaw No. 3900, 2022, for consideration by Council, and
- b) initiate a separate OCP amendment respecting the remainder of the “Future Growth Area” designation in the Official Community Plan.”

As was explained in the November 20, 2024 report and as outlined in the [Development Procedures Bylaw](#), after “early consideration,” if a file proceeds, necessary additional review and file processing take place. This can sometimes require the applicant to provide further information. In this case, staff have requested a Fiscal Impact Assessment (limited scope) and an Economic and Socio-Economic Impact Report (for convenience, the information requested is referred to as a Financial Impact Assessment (FIA) in this report) intended to:

- clarify the fiscal implications to North Cowichan of the proposed development, and,
- support compliance with legislative requirements of the Official Community Plan (OCP) amendment process.

¹ The application includes seven parcels: 6846 Bell McKinnon Road (PID: 005-830-061), Lot 3 (PID: 005-649-404), Lot B (PID: 024-188-905), 6936 Bell McKinnon Road (PID: 024-188-891), 6930 Bell McKinnon Road (PID: 000-961-744), 6928 Bell McKinnon Road (PID: 014-547-368), and 6912 Bell McKinnon Road (PID: 012-019-143) (collectively referred to as the “subject property”).

² November 20, 2024 Council Meeting, item 9.3: <https://pub-northcowichan.escribemeetings.com/Meeting.aspx?Id=847d971a-af5d-4e36-9c1b-816b540e458f>

The request for the FIA was made to the applicant in December 2024. In March/April 2025, the applicant advised that they do not agree that the FIA should be a requirement for the OCP application and requested that it be deferred. Council direction is necessary since staff and the applicant cannot agree on whether the FIA is required to properly evaluate the requested OCP amendment. Related correspondence with the applicant is provided in Attachment 2.

DISCUSSION

Request for Financial Impact Assessment

Staff have requested that the applicant provide a FIA as described in the [Development Approval Information Bylaw No. 3942](#) (sections C.6 & C.9) specifically:

1. Economic and Socio-Economic Impact Report (Bylaw No. 3942, section C.6 – limited to clauses (a) and (b)) to:
 - Review project viability (pro-forma), considering market analysis, build-out timing, absorption.
 - Assesses impacts of the project on the community considering indicators such as demographics and housing affordability.
2. Fiscal Impact Assessment (Bylaw No. 3942, section C.9)
 - Evaluates long-term revenue/expenditure impacts (taxes, fees, infrastructure costs).
 - Provides professional recommendations on fiscal sustainability.
 - Considers impacts on local employment and economic growth.

It is a legal requirement for Council to consider the financial impacts of any OCP amendment. Section 477(3) of the *Local Government Act* specifically requires that the local government must “consider any proposed official community plan [amendment] in conjunction with its financial plan.”

In some cases, the financial impacts are relatively straightforward; however, in this case, the financial impacts have emerged as a key issue, primarily because of the financial information presented by the property owner to Council in advance of the November 20, 2024, meeting:

- The property owner provided Council with an excerpt of their pro-forma, which suggested that the development would provide North Cowichan with \$64.5 million in Community Amenity Contributions and Development Cost Charges and result in \$67 million in tax revenues over a 25-year period.
- This information was again referenced in the public input made to Council on November 20, 2024, and it is reasonable to assume that Council considered the information.

However, these projections do not account for the costs incurred by North Cowichan associated with providing services to the development. Furthermore, since this information was not provided as part of the application package, there is no background available regarding the assumptions and analysis that led to the numbers as presented. The requested FIA would provide the background information, allowing staff and Council to confirm and evaluate the numbers provided. The requested information will also contribute to a better understanding of other issues, including the impact of this development on the local housing and job markets, and how the proposed development aligns with the wider development environment in the region.

Because the purpose of the FIA is to assess the OCP amendment application, the request cannot be deferred to later in the development approvals process.

Municipalities have a clear right and duty to request any information they need to evaluate OCP amendment applications. The courts have consistently upheld this right.

The current application requests to amend the OCP to expand the UCB and Bell McKinnon Growth Area to include the subject property. Once this decision is made, the implication is that this is a location where North Cowichan wants and expects to see growth in the short term. The considerations for changing the OCP are different than those for changing the zoning bylaw. The OCP is the overarching planning policy adopted by Council and developed with significant input from the public. This is why an application to amend the OCP is so significant, and why staff must ensure that Council has the necessary information to support the decision.

If Council proceeds with the requested OCP amendment without the FIA, and a subsequent zoning amendment application is submitted, staff will reevaluate whether all or part of the FIA is still relevant for the purposes of making a zoning decision, which addresses additional, site-specific considerations and a finer level of detail than an OCP decision. However, the purpose of the assessment would be different: for example, instead of a broad evaluation of the financial impacts of the proposed development on North Cowichan and the community, an FIA pertaining to a zoning decision would consider things such as appropriate amenity contributions or an analysis to answer specific questions about density provisions, project phasing, and/or servicing.

The applicant has questioned whether it is possible to complete the FIA at this stage, as not all project details are confirmed. This stance is curious, given that the applicant volunteered specific financial information in November 2024 with the express intent of suggesting that the project would be financially advantageous to North Cowichan. Staff are essentially asking for a professionally prepared version of the same analysis, incorporating the costs to North Cowichan that were omitted from the information. The application is based on the Bell McKinnon Local Area Plan (BMLAP), which provides significant guidance on density, form, uses, public land requirements and layout. In cases where specific information is not known, reasonable assumptions can be used, as is the case for any such analysis, including, presumably, the applicant's own November 2024 analysis.

Council may not need the FIA to reach a decision on the application.

The FIA will provide valuable information; however, the requested FIA is a significant analysis that will take time and money to complete. The purpose of the requested FIA is to support Council in evaluating the OCP amendment application. Council may decide that it does not need the analysis to reach a decision on the application. Under both Option 1 to deny the application and Option 3 to direct staff to bring forward bylaws for Council's consideration, the applicant would not need to provide the FIA.

The subject property does not currently have access to water and sanitary services to support urban densities.

As part of the project to replace the Cowichan District Hospital, new water and sanitary trunk mains are being installed along Bell McKinnon Road. These are scheduled to be completed in 2026. Note that these trunk mains terminate at the intersection of Bell McKinnon and Herd Road. To facilitate this proposed development, the trunk mains would need to be extended north along Bell McKinnon Road and/or Herd Road. These extended trunk mains are needed in addition to the roads and infrastructure within the property. For context, the trunk mains installed by the hospital extend along Bell McKinnon from Drinkwater approximately 1.2 km to Herd Road, and this is a major infrastructure project.³

Infrastructure begins to age as soon as it is installed, which is one of the reasons why premature extension of infrastructure is generally discouraged. The asset management considerations pertaining to infrastructure servicing for the subject property are also relevant to the FIA, as much depends on the phasing and timing of development, and hence the extent and timeliness with which it can contribute towards asset renewal costs. This can be quantified using reasonable assumptions and established methodologies, such as the provincial government's publicly available [Community Lifecycle Infrastructure Costing tool](#) (CLIC).

The proposal is impacted by the servicing constraints within the South End and the Bell McKinnon Growth Area.

The early consideration report did not provide details on the implications of this application for servicing/infrastructure, deferring that review to be completed only if Council directed that the application proceeds.

Since November, Council has received information about the capacity constraints of North Cowichan's water and sanitary sewer infrastructure.⁴ Servicing capacity is a significant barrier to development proposed in the Bell McKinnon area and throughout the South End Service Areas. As was explained on March 5, 2025, there are many more instream developments proposed within the UCB than can be serviced without significant infrastructure upgrades. Even within the UCB, including in infill areas, North Cowichan is advising developers that there is no capacity available to be allocated for additional new

³ Note that these and other infrastructure costs fronted by the Cowichan District Replacement Project are entitled to "latecomer protection". If this OCP amendment proceeds, the area will be included in the "benefitting area" and be subjected to latecomer fees payable at the time of building permit. The amounts are currently unknown.

⁴ March 5, 2025 Council Meeting, item 8.1: <https://pub-northcowichan.escrimemeetings.com/Meeting.aspx?Id=785f568b-b74d-45db-b724-3e06b6335204>

development. Developers are being advised that staff will recommend that, for any zoning bylaw amendment that permits additional density, the developer be required to register a no-build covenant. This covenant would require the developer to construct the applicable upgrades needed to service the development or wait until others complete the upgrades.⁵

To be direct, it will not be possible to service the proposed development with municipal water and sanitary systems until multiple large infrastructure projects are complete, and this is likely to be the case until the province grants a water license increase. Considering the magnitude of this development (approximately 1,850 equivalent residential units (ERUs)) and the size and scale of other instream development applications, it is currently not possible to determine precisely what infrastructure is needed to accommodate this development. It is also not currently possible to determine whether expanding the UCB to include the northern portion of the BMLAP will help with resolving infrastructure issues (e.g., more developers can contribute to the needed infrastructure) or make it harder (e.g., by spreading the same resources and market absorption rate over a larger area/more developments). The FIA will provide information that will assist in evaluating this question, although it may not fully or directly answer it.

The staff recommendation that Council deny the application is unchanged.

Consistent with the recommendation made on November 20, 2024, this report recommends that the Council deny this application because it represents a significant departure from the growth management policies outlined in the 2022 OCP. The existing designation of Future Growth Area serves an important purpose within the OCP's growth strategy, which is one of the core components of the OCP.

As was explained in November and on March 5, 2025, ample land is available for development within the UCB, and significant development projects are proposed within the existing growth areas. The March 5 report further explained that staff are managing an unprecedented number of development applications. There are an estimated 4,200 encumbered units⁶ instream, more than three and a half times the 5-year Provincial Housing Target Order of 1,200 units.

As noted in November 2024, this is not an argument against future development in this location, but rather that it is not appropriate to expand the growth area/UCB to this area at this time.

⁵ As a reminder, if this OCP amendment application is approved, the property owner will need to initiate a zoning bylaw amendment application. Many properties in the area south of Herd Road have complete in-stream zoning applications already under review.

⁶ This number includes building permits (including issued permits and applications), subdivisions, development permits (including issued permits and applications) and land development agreements. Due to the relatively advanced stage of these applications in the land development process, residual capacity within our water and sanitary systems is reserved (or encumbered) for these units on the assumption that they will proceed and connect. There are an additional 5,900 residential units associated with rezonings, pre-applications, and OCP amendments (including this application). Added to the 4,200 encumbered units, this totals 10,100 residential units. For context, the 5-year Housing Target Order from the Province is approximately 1,200 units and the 2024 Interim Housing Needs Report indicated a need for approximately 2,200 units in the next 5 years and 7,100 units in total in the next 20 years.

OPTIONS

1. **(Recommended Option)** THAT Council denies application OCP00031 to amend Official Community Plan No. 3900, 2022, to expand the urban containment boundary and change the land use designation to facilitate rezoning for the subject property consisting of PIDs: 005-830-061; 005-649-404; 024-188-404; 024-188-891; 000-961-744; 014-547-368; and 012-019-143.
 - As identified in November 2024, this application requests a significant change to one of the core components of the OCP. Although the proposed development may be suitable or desirable in the future, at this time, there is currently no need for additional lands within the UCB, and the condition for activating the Future Growth Area has not been met.
 - The significant unresolved infrastructure capacity constraints provide an additional reason to deny the application at this time.
 - If Council denies the application, the file will be closed, and the applicant may not reapply for 12 months.
2. THAT Council refuses further consideration of application OCP00031 until the applicant provides an Economic and Socio-Economic Impact Report and Fiscal Impact Assessment as described in section C.6 (limited to clauses (a) and (b)) and section C.9 of Development Approvals Information Bylaw No. 3942, 2024.
 - The requested FIA will provide Council with information about the pro-forma, an evaluation of the long-term revenue and expenditure impacts on North Cowichan, and any impacts on the local economy of the project.
 - The FIA should assist Council in considering the proposed OCP amendment in conjunction with the financial plan per section 477(3) of the *Local Government Act*.
 - The application would return to Council once the FIA has been provided by the applicant and reviewed by staff.
3. THAT Council directs staff to bring forward a bylaw to amendment to Official Community Plan No. 3900, 2022 to expand the urban containment boundary and change the land use designation to facilitate rezoning for the subject property consisting of PIDs: 005-830-061; 005-649-404; 024-188-404; 024-188-891; 000-961-744; 014-547-368; and 012-019-143.
 - If Council does not require the FIA to support their evaluation of the requested OCP amendment, staff will bring the OCP amendment bylaw forward for Council's consideration.
 - The bylaw can be returned to Council for consideration relatively quickly, likely within a few meetings.

IMPLICATIONS

While completing the OCP amendment for this application (and/or eliminating the Future Growth Area entirely) will be a relatively straightforward process, the large zoning bylaw amendment(s) that may follow will require substantial review and processing. Opening this area up to zoning amendment applications means that planning and engineering staff will expend considerable effort on an

application (or applications) that have little prospect of moving forward in the short term, considering the servicing constraints in the area. Staff effort may be better spent on applications in locations where servicing capacity is available or where constraints can be more easily resolved.

Amending the OCP as proposed has significant impacts on the ongoing BMLAP Implementation Project (an overview is provided in Attachment 3).⁷

RECOMMENDATION

THAT Council denies application OCP00031 to amend Official Community Plan No. 3900, 2022, to expand the urban containment boundary and change the land use designation to facilitate rezoning for the subject property consisting of PIDs: 005-830-061; 005-649-404; 024-188-404; 024-188-891; 000-961-744; 014-547-368; and 012-019-143.

Report prepared by:



Christina Hovey, RPP, MCIP
Project Planner

Report reviewed by:



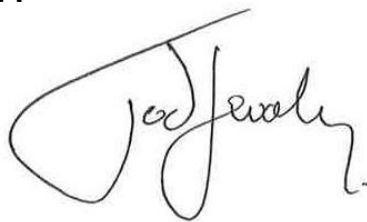
Amanda J. Young, RPP, MCIP
Director, Planning and Building

Report reviewed by:



George Farkas
General Manager, Planning,
Development and Community
Services

Approved to be forwarded to Council:



Ted Swabey
Chief Administrative Officer

Attachments:

- (1) Maps
- (2) Correspondence with Applicant
- (3) Impacts on BMLAP Implementation Project

⁷ In October 2024 [COW](#) and [Council](#) (see items 4.1.2. and 11.2) provided direction on several issues related to the BMLAP Implementation Project.