

Council Member Motion

Notice given on: Wednesday, July 16, 2025

Meeting Date Wednesday, August 20, 2025
From Councillor Justice
Subject Development Cost Charges and other Community Amenity Contributions

Background

Property taxes in North Cowichan have been consistently rising, putting a tremendous financial burden on residential and other taxpayers, with expectations this trend will continue.

Taxes are being driven up by a combination of factors, including inflation and rising wages, the downloading of responsibilities from provincial and federal governments, emerging environmental and social challenges like homelessness and street disorder, and growth-related demand for services such as fire protection, policing, and waste management, requiring both new facilities and expanding administrative capacity.

A significant driver - both now and increasingly in the future - is the need to repair and replace aging infrastructure. Our spread-out form of development burdens the residents of North Cowichan with the ownership of an estimated \$2.15 billion worth of basic infrastructure - sewer, water and storm pipes, roads and sidewalks and buildings. Much of this is now aging or approaching the end of its operational life.

The cost of maintaining this infrastructure is profound. Recent estimates by staff suggest we need to invest about \$39 million annually to properly care for it, meaning that we will need to add, incrementally, about \$32 million to our annual tax requisition.

Council recently received a staff report outlining the municipality's servicing shortfall needed to support future growth and development beyond the approximately 4,000 units that already have allocated services.

The financial implications of the infrastructure investments required - estimated at about \$350 million - are, frankly, staggering.

Even if Development Cost Charges (DCCs) and Community Amenity Contributions (CACs) fully cover the initial costs, taxpayers will still be responsible for the long-term maintenance of these assets. Major new infrastructure and upgrades of that value would add to the city's asset management burden, requiring taxpayers to contribute about \$5 - \$7 million more each year into reserves for ongoing maintenance and eventual replacement.

Taxpayers must not be further financially burdened by having to subsidize the initial capital costs of growth-related infrastructure - whether this is through Development Cost Charges (DCCs) and amenity contributions that fail to cover the full cost, or through 'municipal assist' factors that assume a greater community benefit from new infrastructure than is actually justified.

As previously noted, many of the factors driving up our taxes - like inflation, provincial downloads, and the need to address aging infrastructure - are largely beyond Council's control. However, choosing to increase the tax burden by adopting policies that force taxpayers to subsidize capital costs that should rightly be covered by new growth and development - or higher levels of government - is entirely within our control.

We have a duty to our taxpayers to act responsibly and do everything we can to keep taxes low in the areas where we do have control.

In acknowledgement of this responsibility, the main purpose of the motion is to give staff clear direction and guidance about Council's wishes as they work on our development cost charges and community amenity policies, and in their negotiations behind the scenes with the development industry.

The direction is: Council does not want existing taxpayers - who are already heavily burdened by rising taxes - to be unfairly expected to subsidize the capital costs of infrastructure needed only to support growth.

Recommendation

THAT Council reaffirms its commitment to keeping municipal taxes as low as possible by ensuring that growth pays for itself, through Development Cost Charges (DCCs) and other community amenity contributions set at levels that reflect actual costs and that do not unfairly burden existing taxpayers with the cost of any new or upgraded infrastructure needed to support growth.