Capital Regional District

625 Fisgard St.,
Victoria, BC V8W 1R7

Notice of Meeting and Meeting Agenda
Regional Water Supply Commission

Wednesday, November 19, 2025 **1:30 PM** **6th Floor Boardroom**
625 Fisgard St.
Victoria, BC V8W 1R7

G. Baird (Chair), K. Harper (Vice Chair), J. Caradonna, N. Chambers, C. Coleman, Z. de Vries, S. Duncan, C. Graham, S. Gray, C. Green, K. Guiry, S. Hammond, K. Jordison, S. Kim, T. Morrison, K. Pearson, T. Phelps Bondaroff, J. Rogers, C. Stock, M. Wagner, M. Westhaver, A. Wickheim

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

3.1. 25-1223 Minutes of the Regional Water Supply Commission Meeting of October 15, 2025

Recommendation: That the minutes of the Regional Water Supply Commission meeting of October 15, 2025 be adopted as circulated.

Attachments: Minutes - October 15, 2025

4. CHAIR'S REMARKS

5. PRESENTATIONS/DELEGATIONS

The public are welcome to attend CRD meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.ca/address no later than 4:30 pm two days before the meeting and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the Commission at LegServ@crd.bc.ca.

6. CONSENT AGENDA

6.1. 25-1224 Summary of Recommendations from Other Water Commissions

Recommendation: There is no recommendation. This report is for information only.

Attachments: Summary: SPWC - October 21, 2025

6.2. 25-1214 Water Watch Report

Recommendation: There is no recommendation. This report is for information only.

Attachments: Water Watch Report - November 10, 2025

7. COMMISSION BUSINESS

7.1. 25-1185 General Manager's Verbal Update - November

Recommendation: There is no recommendation. This verbal update is for information only.

7.2. 25-1165 Monthly Drinking Water Quality Dashboard

Recommendation: That the Regional Water Supply Commission receive this report for information and endorse the monthly presentation of the Drinking Water Quality Dashboard.

Attachments: Staff Report: Monthly Water Quality Dashboard

Appendix A: Water Quality Dashboard

7.3. 25-1216 Proposed Regional Water Supply Service Development Cost Charge Bylaw - Engagement Summary Vol. 3

Recommendation: There is no recommendation. This report is for information only.

Attachments: Staff Report: Proposed RWS DCC Bylaw - Engagement Summary Vol. 3

Appendix A: Memorandum - November 3, 2025

Appendix B: Urban Development Institute Correspondence

7.4. 25-1218 Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw - Update and Next Steps

Recommendation: That the Regional Water Supply Commission direct Capital Regional District (CRD) staff to prepare a draft Regional Water Supply Development Cost Charge (DCC) Bylaw for consideration at a future Commission meeting, and that the bylaw include a Municipal Assist Factor (MAF) of 25 percent.

Attachments: Staff Report: RWS DCC Program and Bylaw - Update and Next Steps

Appendix A: Summary of Previous and Planned Staff Reports

Appendix B: Municipal Assist Factor Memo - March 20, 2024

8. NOTICE(S) OF MOTION

9. NEW BUSINESS

10. ADJOURNMENT

Votinq Key:
NWA - Non-weighted vote of all Directors
NWP - Non-weighted vote of participants (as listed)
WA - Weighted vote of all Directors
WP - Weighted vote of participants (as listed)

The next meeting is Wednesday December 17, 2025 (Special).

To ensure quorum, please advise Megan MacDonald (mmmacdonald@crd.bc.ca) if you or your alternate cannot attend.

Making a difference...together

625 Fisgard St.,
Victoria, BC V8W 1R7

Capital Regional District

Meeting Minutes

Regional Water Supply Commission

Wednesday, October 15, 2025 **1:30 PM** **6th Floor Boardroom**
625 Fisgard St.
Victoria, BC V8W 1R7

PRESENT:
Commissioners: G. Baird (Chair), K. Harper (Vice Chair), J. Caradonna, N. Chambers (EP), C. Coleman, Z. de Vries (EP), S. Duncan (EP), C. Graham, S. Gray, C. Green (EP), K. Guiry, S. Hammond (EP), K. Jordison (EP), K. Loughton (on behalf of S. Kim) (EP), T. Morrison (EP), K. Pearson (EP), T. Phelps Bondaroff, J. Rogers, C. Stock (EP), M. Wagner, M. Westhaver (EP), C. McNeil-Smith (Board Chair, ex-officio)

STAFF: T. Robbins, Chief Administrative Officer; A. Fraser, General Manager, Infrastructure and Water Services; N. Chan, General Manager, Finance and Technology/Chief Financial Officer, A. Constabel, Senior Manager, Watershed Protection, G. Harris, Senior Manager, Environmental Protection (EP); S. Irg, Senior Manager, Water Infrastructure Operations; J. Kelly, Acting Senior Manager, Infrastructure Engineering; M. Despins, Senior Financial Advisor; M. Lagoa, Deputy Corporate Officer; M. MacDonald, Legislative Services Coordinator (Recorder)

EP - Electronic Participation

Guests: D. Huang, Community Connections Planning

Regrets: Commissioners S. Kim, A. Wickheim

The meeting was called to order at 1:30 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Chair Baird provided a Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Commissioner Graham, SECONDED by Commissioner Gray,
That the agenda for the Regional Water Supply Commission meeting of October 15, 2025 be approved.
CARRIED

3. ADOPTION OF MINUTES

3.1. 25-1087 Minutes of the Regional Water Supply Commission Meeting of September 17, 2025

MOVED by Commissioner Coleman, SECONDED by Commissioner Graham,
That the minutes of the Regional Water Supply Commission meeting of September 17, 2025 be adopted as circulated.
CARRIED

4. CHAIR'S REMARKS

Chair Baird expressed appreciation for the in depth tour of the recently aquired Kapoor Lumber company lands.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

MOVED by Commissioner Coleman, SECONDED by Commissioner Rogers,
That consent agenda Items 6.1. and 6.2. be approved.
CARRIED

6.1. 25-1085 Summary of Recommendations from Other Water Commissions

This report was received for information.

6.2. 25-1084 Water Watch Report

This report was received for information.

7. COMMISSION BUSINESS

7.1. 25-1037 General Manager's Verbal Update - October

A. Fraser spoke to Item 7.1. and provided information on a recent tour Kapoor Lumber Company Lands which highlighted historic stewardship, and noted that the Strategic Plan is scheduled to be on the agenda in November. The latest Water Watch Report shows reservoir levels are currently below the historic five year minimum.

Discussion ensued regarding a map of the newly acquired Kapoor Lands which was distributed during the tour. Staff confirmed the map will be circulated to the Commission.

7.2. 25-0790 Saanich Peninsula Water Commission Amalgamation Study Update

A. Fraser and D. Huang presented Item 7.2. for information.

Discussion ensued regarding:
- timeline for future consultation and implementation if approved
- ensuring fairness of water cost and distribution across the region
- bulk water rate agreements for First Nations
- potential changes to the existing infrastructure and rate structure
- difference between supply, transmission and distribution systems
- unique governance structure of the Saanich Peninsula Water System

T. Morrison and J. Rogers exited the meeting at 2:33 pm.

7.3. 25-1028 Regional Water Supply Service 2026 Capital and Operating Budget

A. Fraser and N. Chan presented Item 7.3.

Discussion ensued regarding:
- difficulty of balancing priorities while keeping rates low
- potential future changes to the agricultural rate would have a negligible impact
- proposed increase and a comparison to other municipalities
- debt servicing levels are in line with industry standards
- collective agreement negotiations are underway
- work on the Water Master Plan needs to proceed
- water is a fundamental service, investing now ensures a sustainable future
- importance of understanding risks of delaying work and increased costs later
- urgent advocacy necessary for the approval of proposed new staff positions

MOVED by Commissioner Harper, SECONDED by Commissioner Wagner,
The Regional Water Supply Commission recommends that the Committee of the Whole recommend that the Capital Regional District Board:
1. Approve the 2026 Operating and Capital Budget and the Five-Year Capital Plan;
2. Approve the 2026 wholesale water rate of $0.9314 per cubic metre;
3. Approve the 2026 agricultural water rate of $0.2105 per cubic metre;
4. Direct staff to balance the 2025 actual revenue and expense on the transfer to the water capital fund;
5. Direct staff to update carry forward balances in the 2026 Capital Budget for changes after year end; and
6. Direct staff to amend the Water Rates Bylaw accordingly.
CARRIED

8. NOTICE(S) OF MOTION

There were no notice(s) of motion.

9. NEW BUSINESS

There was no new business.

10. ADJOURNMENT

MOVED by Commissioner Coleman, SECONDED by Commissioner Graham,
That the Regional Water Supply Commission meeting of October 15, 2025 be adjourned at 3:25 pm.
CARRIED

_____
Chair

_____
Recorder

HOTSHEET AND ACTION LIST

Saanich Peninsula Water Commission

The following is a quick snapshot of the FINAL decisions made at the meeting. The minutes will represent the official record of the meeting. A name has been identified beside each item for further action and follow-up.

Tuesday, October 21, 2025 **9:30 AM** **Sidney Community Safety Building**
2245 Oakville Ave., Sidney, BC

Special Meeting - Budget

4. Special Meeting Matters

4.1. **25-1037** General Manager's Verbal Update – October A. Fraser

Recommendation: There is no recommendation. This verbal update is for information only.

4.2. **25-1029** Saanich Peninsula Water Service 2026 Capital and Operating Budget
A. Fraser/N. Chan
This item is referred to CoW on October 29, 2025

Recommendation: The Saanich Peninsula Water Commission recommends that the Committee of the Whole recommend that the Capital Regional District Board:
1. Approve the 2026 Operating and Capital Budget and the Five-Year Capital Plan;
2. Approve the 2026 Saanich Peninsula Water Service wholesale water rate of $1.3593 per cubic meter, and the Agricultural Research Station water rate of $1.3945 per cubic meter, adjusted, if necessary, by any changes in the Regional Water Supply wholesale water rate;
3. Direct staff to balance the 2025 actual revenue and expense on the transfer to capital reserve fund;
4. Direct staff to update carry forward balances in the 2026 Capital Budget for changes after year end; and
5. Direct staff to amend the Wholesale Water Rates Bylaw accordingly.

File No. 902-03

CAPITAL REGIONAL DISTRICT - INTEGRATED WATER SERVICES

Water Watch

Issued November 10, 2025

Water Supply System Summary:

1. Useable Volume in Storage:

Reservoir	November 30 5 Year Ave		November 30/24		November 9/25		% Existing Full Storage
	ML	MIG	ML	MIG	ML	MIG	
Sooke	74,488	16,387	71,592	15,750	58,638	12,900	63.2%
Goldstream	8,816	1,940	9,824	2,161	7,223	1,589	72.9%
Total	83,304	18,327	81,417	17,912	65,861	14,489	64.2%

2. Average Daily Demand:

For the month of November	109.1 MLD	24.0 MIGD
For week ending November 09, 2025	108.3 MLD	23.8 MIGD
Max. day November 2025, to date:	113.6 MLD	25.0 MIGD

3. Average 5 Year Daily Demand for November

Average (2020 - 2024) 104.4 MLD [1] 23.0 MIGD [2]

[1]MLD = Million Litres Per Day [2]MIGD = Million Imperial Gallons Per Day

4. Rainfall November:

Average (1914 - 2024): 261.4 mm
Actual Rainfall to Date 108.8 mm (42% of monthly average)

5. Rainfall: Sep 1- Nov 9

Average (1914 - 2024): 304.9 mm
2025/2026 326.0 mm (107% of average)

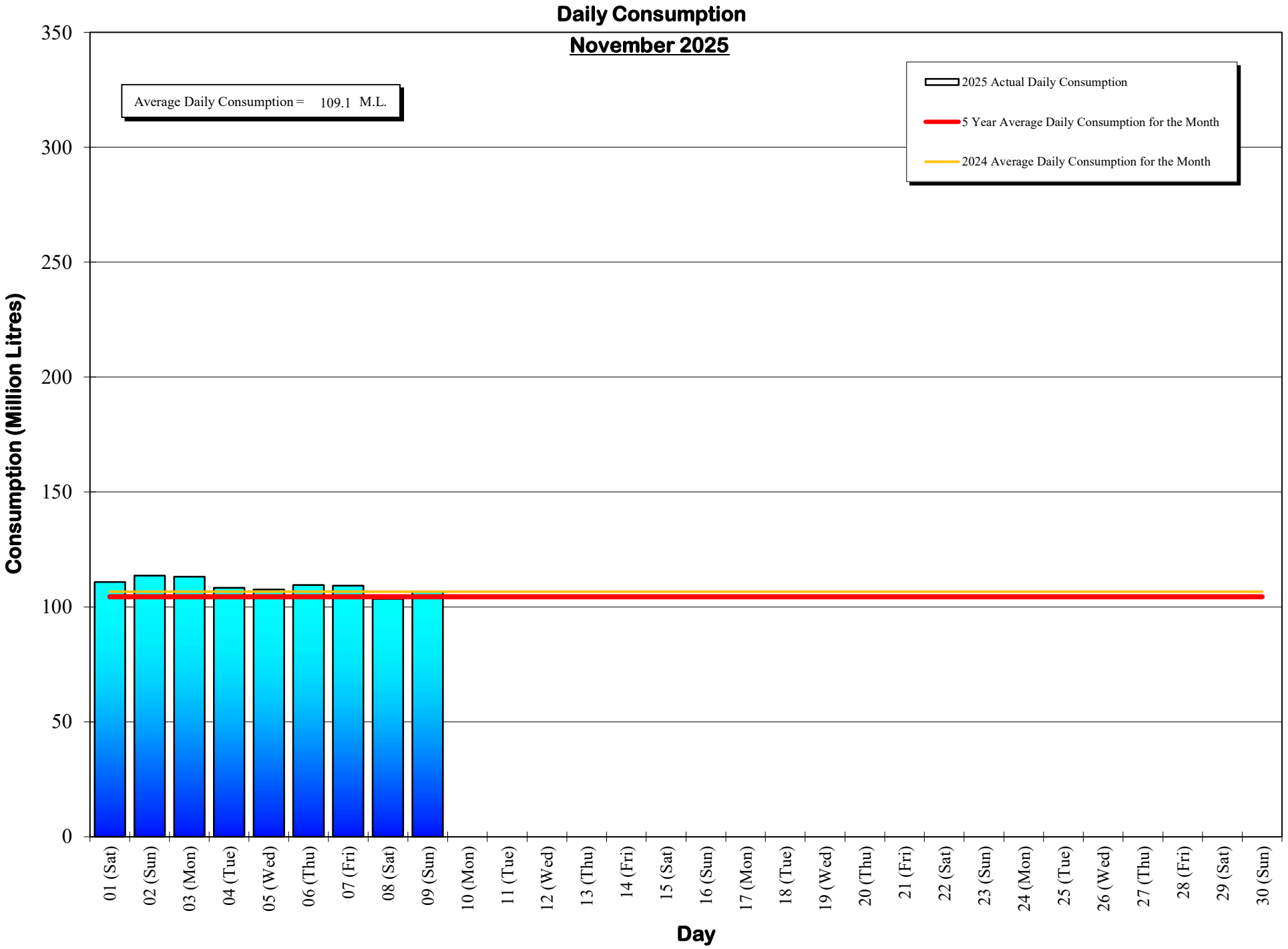
6. Water Conservation Required Action:

To avoid possible leaks this spring, now is the time to winterize your sprinkler system.
Visit our website at www.crd.bc.ca/water for more information.

If you require further information, please contact:

Alicia Fraser, P. Eng.
General Manager, CRD - Integrated Water Services
or
Glenn Harris, Ph D., RPBio
Senior Manager - Environmental Protection

Capital Regional District Integrated Water Services
479 Island Highway
Victoria, BC V9B 1H7
(250) 474-9600


Daily Consumption
November 2025
Average Daily Consumption = 109.1 M.L.
2025 Actual Daily Consumption
5 Year Average Daily Consumption for the Month
2024 Average Daily Consumption for the Month
Consumption (Million Litres)
350
300
250
200
150
100
50
0
01 (Sat)
02 (Sun)
03 (Mon)
04 (Tue)
05 (Wed)
06 (Thu)
07 (Fri)
08 (Sat)
09 (Sun)
10 (Mon)
11 (Tue)
12 (Wed)
13 (Thu)
14 (Fri)
15 (Sat)
16 (Sun)
17 (Mon)
18 (Tue)
19 (Wed)
20 (Thu)
21 (Fri)
22 (Sat)
23 (Sun)
24 (Mon)
25 (Tue)
26 (Wed)
27 (Thu)
28 (Fri)
29 (Sat)
30 (Sun)
Day

Daily Consumptions: - November 2025

Date	Total Consumption (ML) [1]		(MIG) [2]	Air Temperature @ Japan Gulch High (°C)	Low (°C)	Weather Conditions	Precipitation @ Sooke Res.: 12:00am to 12:00am Rainfall (mm)	Snowfall [2] (mm)	Total Precip.
01 (Sat)	110.8		24.4	10	5	Cloudy / Fog / Rain	30.8	0.0	30.8
02 (Sun)	113.6	<=Max	25.0	11	7	Cloudy / Showers	8.8	0.0	8.8
03 (Mon)	113.1		24.9	10	5	Cloudy	0.0	0.0	0.0
04 (Tue)	108.3		23.8	9	3	Cloudy / P. Sunny	0.0	0.0	0.0
05 (Wed)	107.6		23.7	9	2	Cloudy / P. Sunny / Rain	17.0	0.0	17.0
06 (Thu)	109.5		24.1	13	7	Cloudy / Rain	37.6	0.0	37.6
07 (Fri)	109.2		24.0	11	8	Cloudy / Showers	4.0	0.0	4.0
08 (Sat)	103.5	<=Min	22.8	10	4	Cloudy / P. Sunny / Showers	0.2	0.0	0.2
09 (Sun)	106.6		23.5	10	4	Cloudy / P. Sunny / Showers	10.4	0.0	10.4
10 (Mon)									
11 (Tue)									
12 (Wed)									
13 (Thu)									
14 (Fri)									
15 (Sat)									
16 (Sun)									
17 (Mon)									
18 (Tue)									
19 (Wed)									
20 (Thu)									
21 (Fri)									
22 (Sat)									
23 (Sun)									
24 (Mon)									
25 (Tue)									
26 (Wed)									
27 (Thu)									
28 (Fri)									
29 (Sat)									
30 (Sun)									
TOTAL	982.2	ML	216.11 MIG				108.8	0	108.8
MAX	113.6		24.99	13	8		37.6	0	37.6
AVG	109.1		24.01	10.2	5.2		12.1	0	12.1
MIN	103.5		22.77	9	2		0.0	0	0.0

1. ML = Million Litres

2. 10% of snow depth applied to rainfall figures for snow to water equivalent.

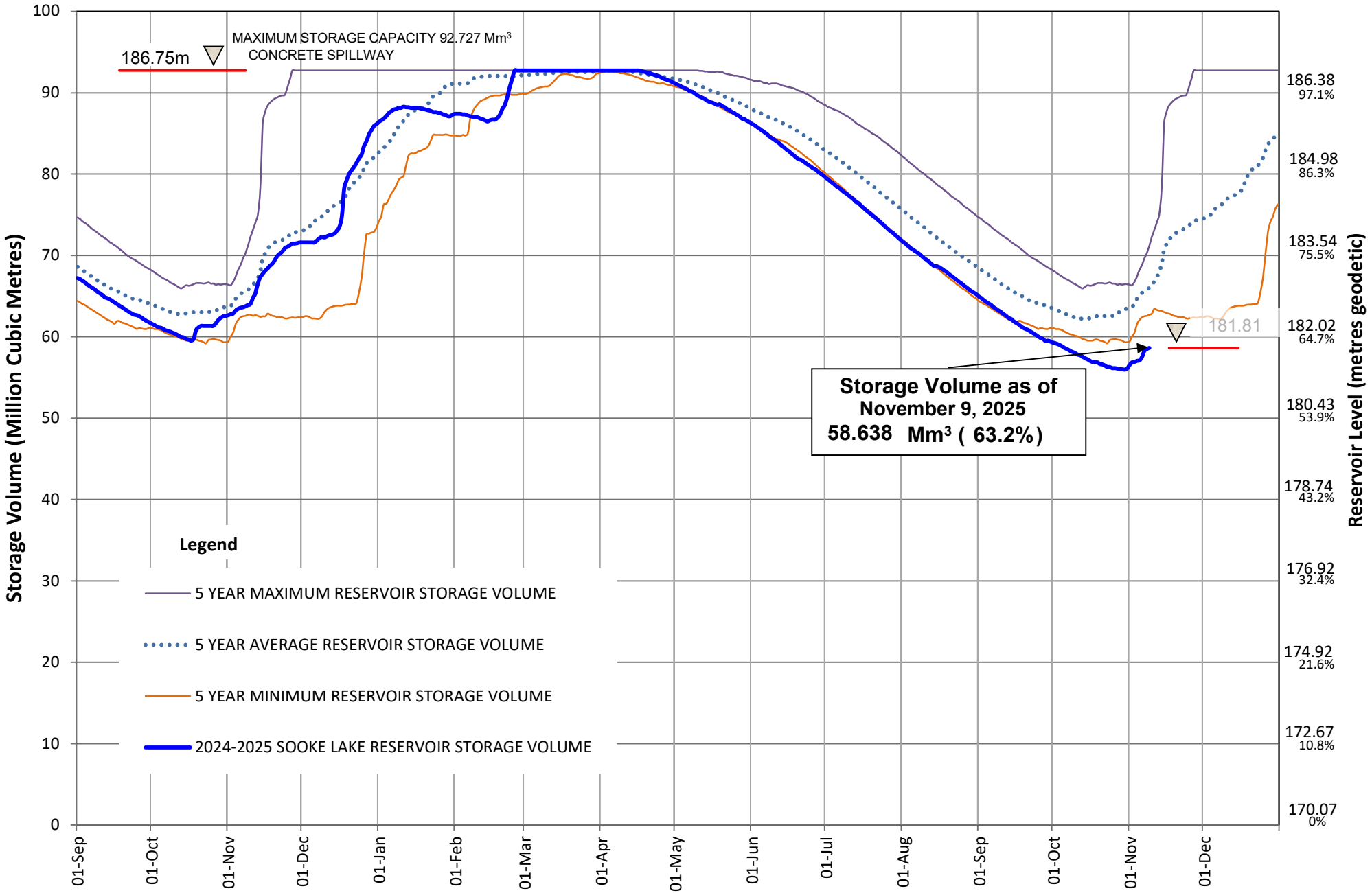
Average Rainfall for November (1914-2024)	261.4	mm
Actual Rainfall: November	108.8	mm
% of Average	42%	
Average Rainfall (1914-2024): Sept 01 - Nov 09	304.9	mm
Actual Rainfall (2025/26): Sept 01 - Nov 09	326.0	mm
% of Average	107%	

Number days with precip. 0.2 or more
7

Water spilled at Sooke Reservoir to date (since Sept. 1) =

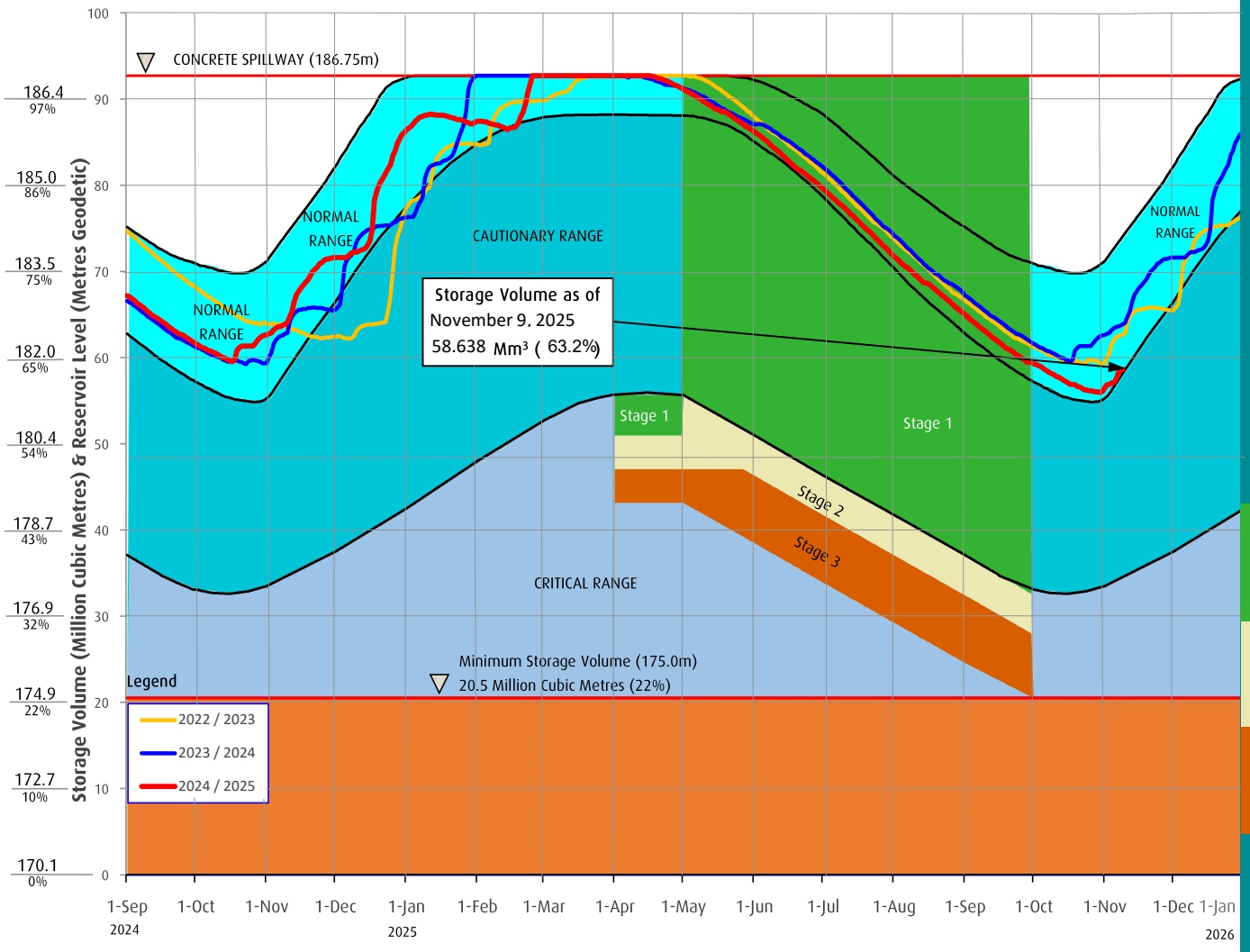
0.00	Billion Imperial Gallons
0.00	Billion Litres

SOOKE LAKE RESERVOIR STORAGE SUMMARY
2024 / 2025



Sooke Lake Reservoir Storage Level

Water Supply Management Plan



FAQs

How are water restriction stages determined?

Several factors are considered when determining water use restriction stages, including,

1. Time of year and typical seasonal water demand trends;
2. Precipitation and temperature conditions and forecasts;
3. Storage levels and storage volumes of water reservoirs (Sooke Lake Reservoir and the Goldstream Reservoirs) and draw down rates;
4. Stream flows and inflows into Sooke Lake Reservoir;
5. Water usage, recent consumption and trends; and customer compliance with restriction;
6. Water supply system performance.

The Regional Water Supply Commission will consider the above factors in making a determination to implement stage 2 or 3 restrictions, under the Water Conservation Bylaw.

At any time of the year and regardless of the water use restriction storage, customers are encouraged to limit discretionary water use in order to maximize the amount of water in the Regional Water Supply System Reservoirs available for nondiscretionary potable water use.

Stage 1 is normally initiated every year from May 1 to September 30 to manage outdoor use during the summer months. During this time, lawn watering is permitted twice a week at different times for even and odd numbered addresses.

Stage 2 Is initiated when it is determined that there is an acute water supply shortage. During this time, lawn water is permitted once a week at different times for even and odd numbered addresses.

Stage 3 Is initiated when it is determined that there is a severe water supply shortage. During this time, lawn watering is not permitted. Other outdoor water use activities are restricted as well.

For more information, visit www.crd.bc.ca/drinkingwater

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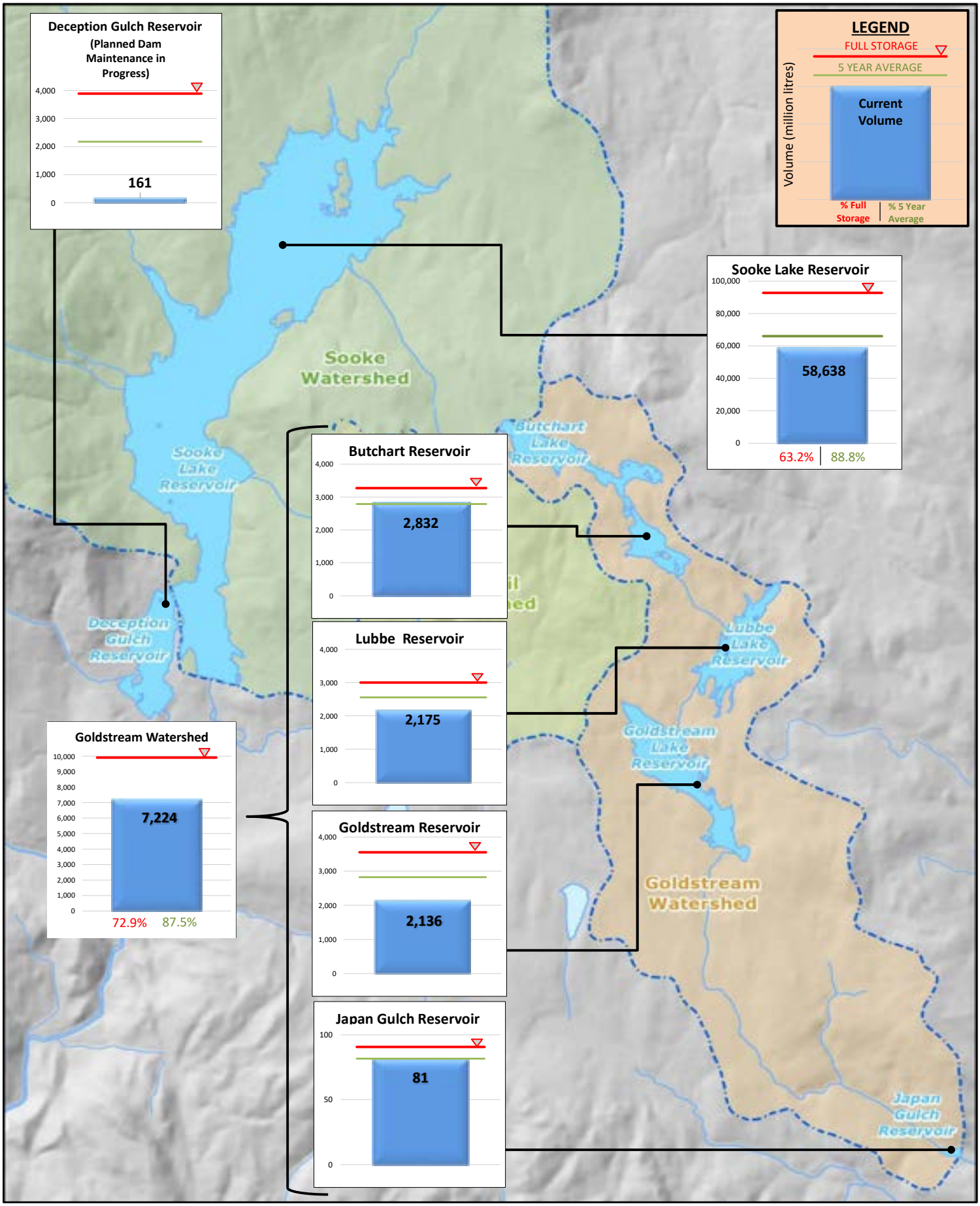
Useable Reservoir Volumes in Storage for November 09, 2025



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EEP 25-38

REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, NOVEMBER 19, 2025

SUBJECT **Monthly Drinking Water Quality Dashboard**

ISSUE SUMMARY

To inform the Regional Water Supply Commission of the launch of a new dashboard that provides monthly updates on key drinking water quality parameters across the Greater Victoria Drinking Water System (GVDWS).

BACKGROUND

The Capital Regional District (CRD) monitors and reports on drinking water quality across the GVDWS, including source water, treatment performance, transmission and distribution system metrics. Historically, these data have been compiled into quarterly and annual reports, with limited interim access to summarized results.

In response to increasing interest in timely water quality information and to support transparency and operational responsiveness, staff have developed a new Monthly Drinking Water Quality Dashboard (Appendix A). This dashboard provides summaries of key water quality indicators and will be presented monthly to the Regional Water Supply Commission, attached to the meeting agenda. The dashboard does not replace formal reporting obligations under the *Drinking Water Protection Regulation* but serves as a supplementary communication tool.

IMPLICATIONS

Alignment with Board & Corporate Priorities

This initiative supports the CRD Board's strategic priorities related to service delivery excellence, transparency, and climate resilience. By enhancing access to drinking water quality data and enabling informed decision-making, the dashboard contributes to the CRD's commitment to evidence-based governance, proactive infrastructure management, and public trust in regional water supply services.

Social Implications

The dashboard promotes public confidence and environmental awareness by supporting informed, transparent communication about regional drinking water quality.

Service Delivery Implications

Commission members will have access to monthly summaries instead of quarterly reporting cycles, enabling more timely oversight and discussion.

CONCLUSION

Staff have developed a new dashboard to provide monthly updates on drinking water quality across the GVDWS, in response to growing interest in timely and transparent reporting. The dashboard's design, operational value, and alignment with strategic priorities were considered, along with its implications. Staff are recommending that the Commission receive this report for information and endorse the monthly presentation of the dashboard. If endorsed, the dashboard will be presented at each Commission meeting, with updates available to the public through published agendas and minutes.

RECOMMENDATION

That the Regional Water Supply Commission receive this report for information and endorse the monthly presentation of the Drinking Water Quality Dashboard.

Submitted by:	Glenn Harris, Ph.D., R.P.Bio., Acting General Manager, Parks, Recreation & Environmental Services
Concurrence	Alicia Fraser, P. Eng., General Manager, Infrastructure and Water Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: Monthly Drinking Water Quality Dashboard

Monthly Drinking Water Quality Dashboard

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Water Quality Operations

Capital Regional District | October 2025

1. Treated Water | Monthly Compliance

The following table summarizes the main regulatory parameters across the various transmission and distribution systems in the Greater Victoria Drinking Water System (GVDWS). Drinking water systems in British Columbia are required to comply with the BC Drinking Water Protection Regulation and are expected to operate in accordance with recognized industry standards.

Monthly Water Quality Compliance Results by Municipality								
Municipality	**Required Samples**	**Actual Samples Collected**	**Percent Total Coliform Samples >1 CFU/100 ml**	**Total Coliform Samples >10 CFU/100 ml**	**E.coli Samples >1 CFU/ 100 mL**	**Turbidity Samples >1 NTU**	**Chlorine Residual Median mg/L**	**Water Temp. Median ºC**
Central Saanich	17	27	0	0	0	0	1.61	15.2
Saanich	94	105	1	1	1	0	1.48	15.2
North Saanich	13	21	0	0	0	0	1.51	15.4
Victoria / Esquimalt	93	101	1	0	1	0	1.62	15.9
Oak Bay	20	26	0	0	0	0	1.59	16.0
Sidney	14	18	0	0	0	0	1.55	16.2
Sooke/East Sooke	17	40	0	0	0	1	1.08	14.5
Westshore/ View Royal	82	101	0	0	0	0	1.46	15.6
Transmission Mains	n/a	78	0	0	0	0	1.79	14.6
Transmission Reservoirs	n/a	28	0	0	0	0	1.55	15.2
Total	**350**	**545**	**2**	**1**	**2**	**1**	**1.55**	**15.3**

GREEN – Compliance with industry and/or health standards

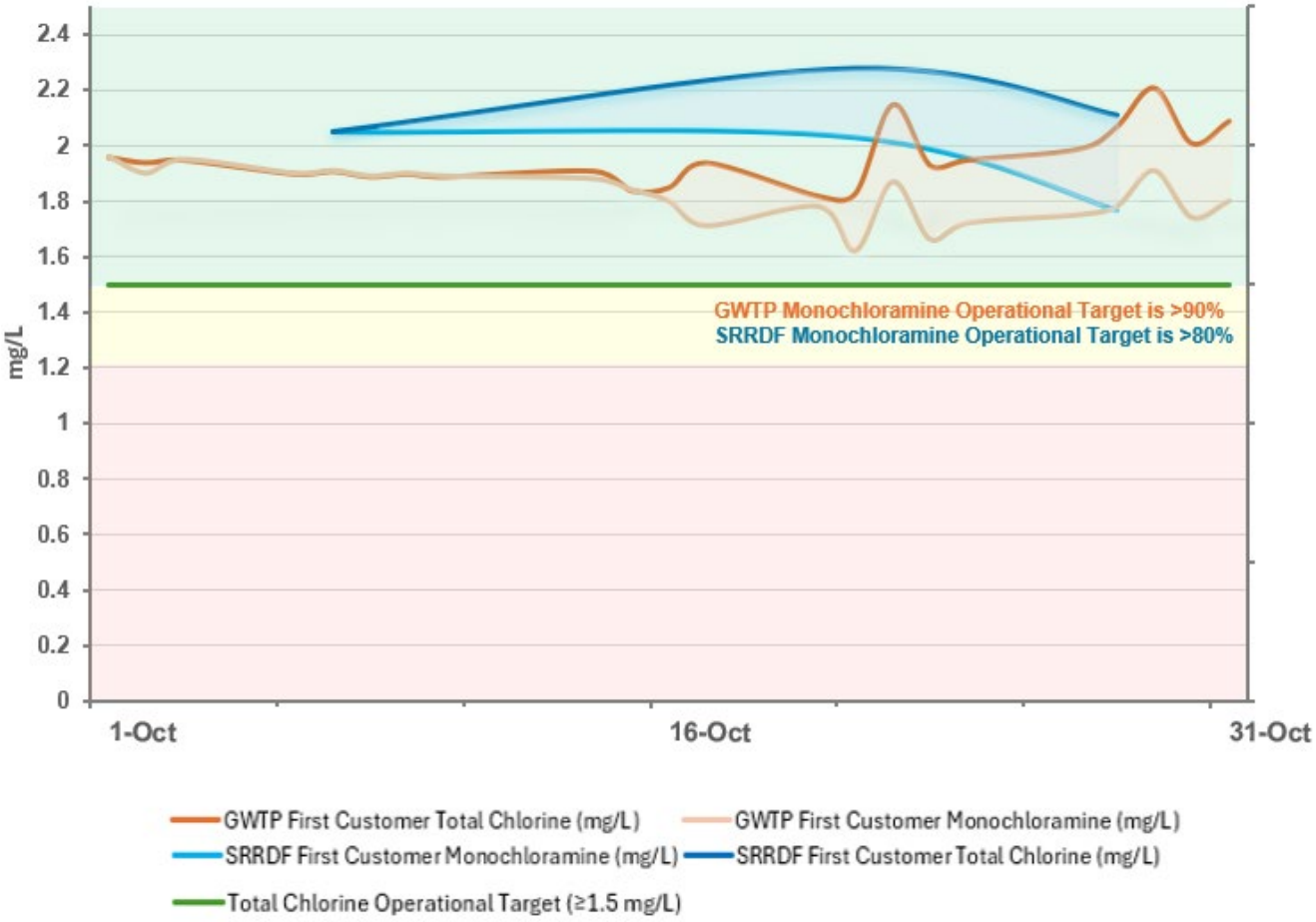
YELLOW – Exceedance of operational and/or asthetic objectives

RED – Exceedance of industry and/or health standards

In October of 2025, all GVDWS systems were in compliance with provincial requirements and industry standards except for Saanich and Victoria with one sample each that contained total coliform concentrations > 10 CFU/100mL and Ecoli. Immediate emergency response measures by municipal and CRD staff, supported by comprehensive resampling, effectively ruled out any drinking water contamination. Most of the GVDWS was still in exceedance of the aesthetic objective for water temperature (< 15°C). Elevated water temperatures can promote biological regrowth within the distribution system, requiring increased operational effort to maintain drinking water quality.

2. **Treated Water** | First Customer Goldstream Water Treatment Plant (GWTP) and First Customer Sooke River Road Disinfection Facility (SRRDF), Total Chlorine and Monochloramine

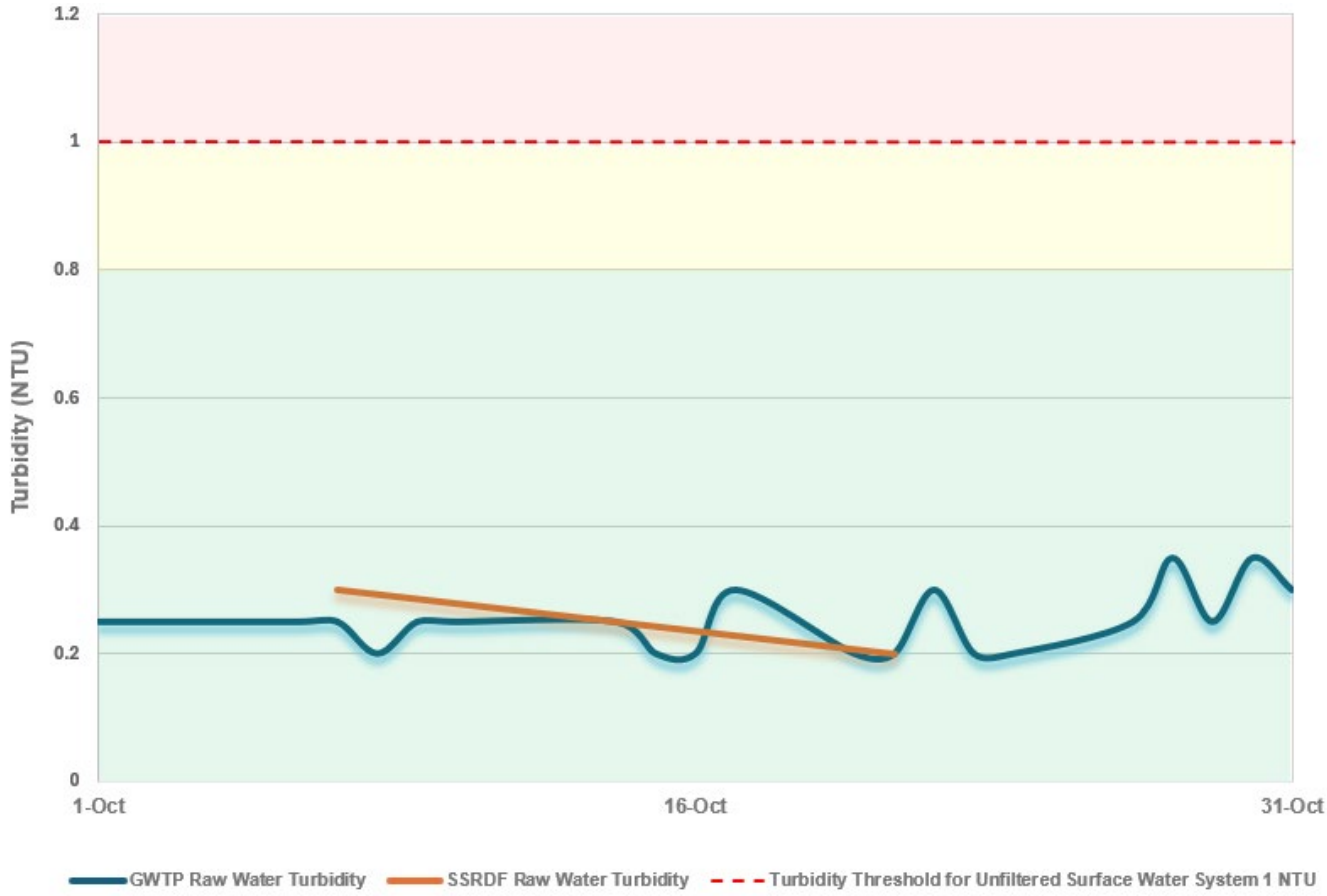
The following graph shows the daily measured total chlorine and monochloramine concentrations at the first treated water sampling stations downstream of the two CRD water treatment plants.



In October of 2025, the target concentration for total chlorine of 1.5 mg/L was consistently achieved at both plants. The SRRDF consistently met its 80% monochloramine target, whereas the GWTP fell slightly short of its 90% target on a regular basis after mid-October. Reaching these targets ensures adequate secondary disinfection throughout the distribution systems.

3. Raw Water Turbidity | Goldstream Water Treatment Plant and Sooke River Road Disinfection Facility

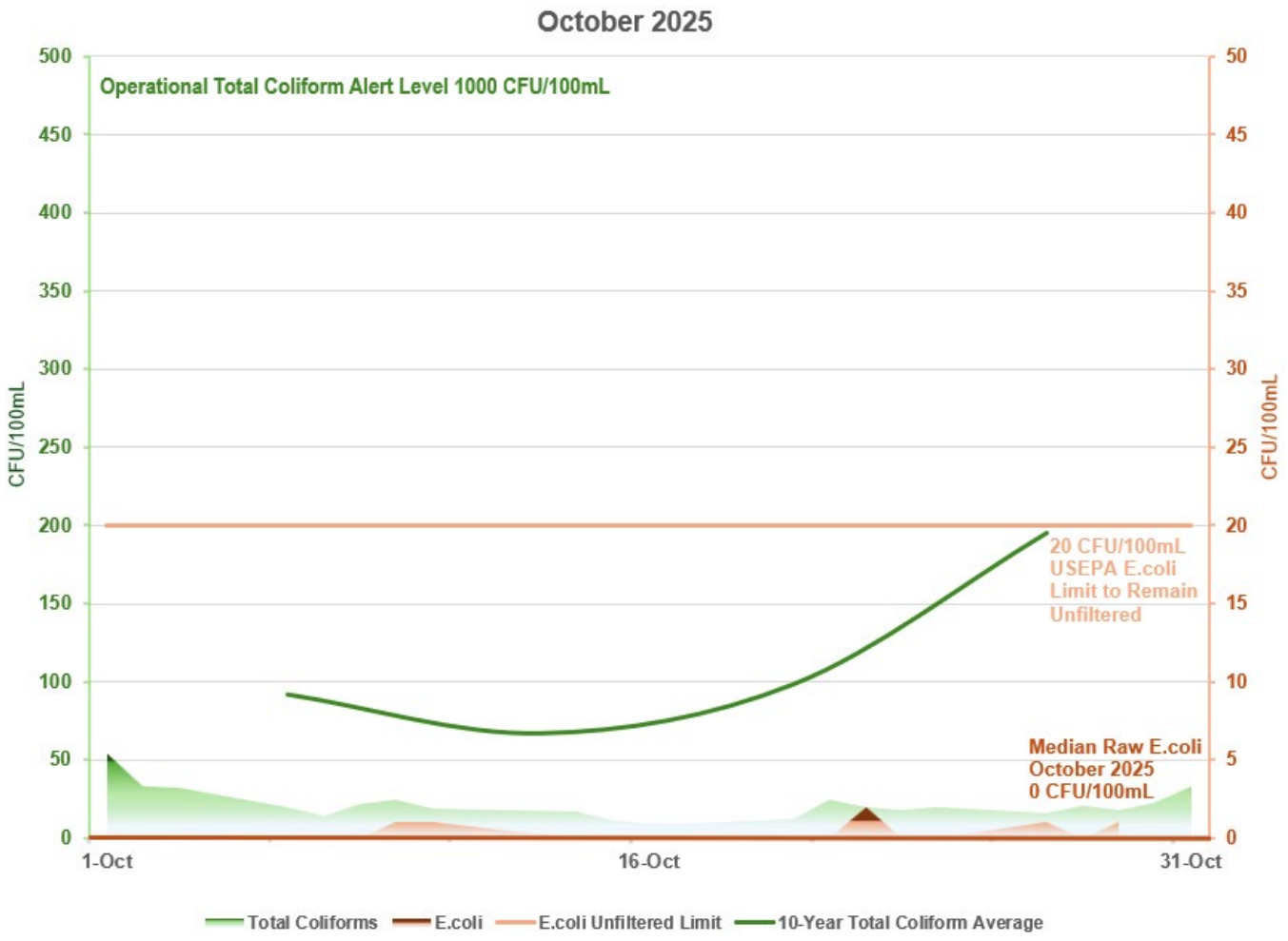
The following graph shows the raw water turbidity measured at both water treatment plants.



The GVDWS, an unfiltered surface water system, must consistently achieve turbidity levels under 1 NTU to meet regulatory standards. While the water turbidity at the GWTP exhibited slightly higher values during peak demand periods, the maximum turbidity levels remained well below the critical threshold of 1 NTU. The turbidity levels at SRRDF (less sampled) were less suseptible to fluctuations and were consistently very low. Overalll, the turbidity levels in October 2025 were well within compliance.

4. Raw Water Biological Parameters | Total Coliforms and E.coli at Goldstream Water Treatment Plant

The following depicts the concentrations of key bacteria in the raw water.



Throughout October, total coliform bacteria levels were lower than the long-term average for the fall season. In October, E. coli levels were mostly below detection limits, with only sporadic low-level detections associated with runoff, reflecting the reservoir's consistently low concentrations throughout the year.

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REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF WEDNESDAY, NOVEMBER 19, 2025

SUBJECT **Proposed Regional Water Supply Service Development Cost Charge Bylaw – Engagement Summary Vol. 3**

ISSUE SUMMARY

To provide a summary of the responses received through the public opportunity to comment on the draft *Regional Water Supply Service Development Cost Charge Background Report* and to summarize additional feedback received through the development community and local First Nations after survey closure.

BACKGROUND

Feedback on the Draft RWS DCC Background Report

Between May and June of 2024, the Capital Regional District (CRD) undertook public and development community engagement on the proposed Regional Water Supply (RWS) Development Cost Charge (DCC) Program through an online survey and a series of virtual information sessions for both the public and the development community. These activities allowed the CRD to gauge the understanding, interest and support for the proposed DCC Program, while also answering questions and discussing details of the proposed program. The summary of those engagement opportunities was provided for the Regional Water Supply Commission's (Commission) consideration at its September 25, 2024 meeting.

At its September 25, 2024 meeting, the Commission reviewed the draft *Regional Water Supply Service Development Cost Charge Background Report* (September 2024) and directed CRD staff to provide additional opportunity for public and development community input before preparing the DCC bylaw.

Following the September 25, 2024 Commission meeting, CRD staff used the public engagement platform to invite feedback on the draft DCC Background Report, asking: "Please share any comments or suggestions you have about the Regional Water Supply Development Cost Charge background report." The engagement period ran from October 10 to November 9, 2024, allowing participants to submit written comments and indicate consent for sharing their responses.

A total of 97 responses were received, with 94 respondents consenting to share their comments, and three responses were redacted accordingly. Overall, the feedback aligns with themes from previous engagement efforts. *Engagement Summary, Vol. 3* (Appendix A) is presented to the Commission for information and to support the upcoming DCC bylaw submission to the BC Inspector of Municipalities.

Previous engagement summaries include:

- Engagement Summary (Vol. 1) – provided to the Commission on April 17, 2024, and summarized the engagement activities and feedback received through consultation with the municipal staff and elected officials of the member municipalities.

- Engagement Summary (Vol. 2) – provided to the Commission on September 25, 2024, and summarized the engagement activities and feedback received through consultation with the public and development community.
- Engagement Summary (Vol. 3) – summarizes the feedback received on the draft Background Report as prepared by Urban Systems Limited (USL) (Appendix A).

Additional Feedback Received from the Development Community

Since the Commission's September 25, 2024 meeting, the Urban Development Institute (UDI) has submitted a series of letters with feedback, comments and concerns surrounding the proposed RWS DCC bylaw. The letters, appended to this staff report (Appendix B) for the Commission's receipt and consideration, are summarized as follows:

1. *Development Community Response to CRD Response to Development Community Questions, File: 0510-20, Developer Engagement, RWS DCC* (October 28, 2024)

As a follow-up to an in-person meeting held September 10, 2024, the UDI submitted a letter highlighting their three "core issues" and a series of recommendations for the CRD to consider with respect to the proposed RWS DCC Bylaw.

UDI's three core issues are summarized as "Technical Assumptions", "DCC Rate Determination and DCC Applicable Works", and "Public Consultation".

Appended to the October 28, 2024 UDI letter is additional correspondence, including a previous September 16, 2024 letter from the General Manager of CRD Infrastructure and Water Services (IWS) to the UDI, summarizing and supplementing the verbal discussion held on September 10, 2024, and addressing the three core issues as identified by the UDI.

2. Letter to Regional Water Supply Commission Chair (December 18, 2024)

The UDI raised concerns with the CRD's methods of calculating the residential growth projections, water demands, and the resulting schedule of growth-related infrastructure projects.

The UDI urged the CRD to:
- Instruct USL to update the information on the dwelling unit projections and provide a breakdown by the number of units for low, medium and high-density land use;
- Update its future water demand projections taking into consideration the trend to lower water using residential units; and,
- Revise the schedule of capital works in the Master Plan based on the updated water demand projections.

3. *Proposed Regional Water Supply Development Cost Charge Program - Financial Analysis and Industry Concerns* (September 26, 2025)

On September 26, 2025, the UDI provided a letter addressed to the CRD Board with additional feedback on the proposed RWS DCC Bylaw. The letter contained an independent economic analysis authored by Mulholland Parker Land Economists (MPLE), which concludes that, "four out of five housing forms in the region are not viable under current market conditions." The report

highlights that the development market in the region is struggling under numerous cost and regulatory challenges resulting in many development projects being delayed or cancelled.

Through the economic analysis, UDI argues the implementation of the proposed DCC's will further deter development project viability, and, as a result, they request the BC Inspector of Municipalities reject the RWS DCC Bylaw when submitted for approval. They request the CRD pause the advancement of the RWS DCC until an independent economic analysis is completed to better understand the impacts of the proposed DCC. Finally, they urge the CRD to update the population and water demand projections of the RWS 2022 Master Plan, and undertake meaningful engagement with municipalities, First Nations, the development industry and the public before proceeding with the capital plans.

These findings are further considered in the subsequent November 19, 2025 staff report "RWS DCC Program and Bylaw – Update and Next Steps", which considers the analysis and how the CRD may respond to the possible implications of the proposed DCC on the local development industry.

Additional Feedback Received from Local First Nations

On May 29, 2024, prior to hosting the public virtual information session on June 19, 2024, the CRD distributed a letter to local First Nations who either receive their drinking water through the RWS system or have traditional territory within the CRD watersheds. The letter invited the First Nations to either attend the information session, arrange for a separate information session or provide feedback through an online survey. This invitation letter was appended to Engagement Summary, Vol. 2, presented at the September 25, 2024 Commission meeting.

A First Nation requested further information and engagement opportunities for the proposed RWS DCC program to better understand its impacts to the Nation. Over the course of the past year, CRD staff have worked with this Nation to review the DCC program, noting that DCC's are not applicable on Reserve lands, and have reviewed the CRD's ability to provide DCC waivers or reductions. The Nation's feedback can be summarized as follows:

- They are not supportive of the DCC program as currently drafted; as they are seeking exemptions, waivers, and reductions to the full extent permissible under the *Local Government Act* (LGA); and
- CRD Staff will continue to consult with First Nations and bring forward recommendations for consideration by the Commission upon receipt of the Nation's written submission and development of the waivers or reductions bylaw

The First Nation expressed their concerns in disparities between Indigenous and non-Indigenous communities, citing gaps in infrastructure, economic opportunities and availability of affordable housing. The First Nation shared their priorities of community and economic revitalization, including building homes for its community members, both on and off the reserve. They conveyed that they would not support a DCC until Indigenous communities reached parity with surrounding non-Indigenous communities, and they are seeking partnerships and stronger relationships to help meet their community goals. On the theme of economic revitalization, the First Nation has pursued development opportunities in the region, which would be impacted by the proposed DCC's when constructed on fee simple lands.

Most recently, the CRD expressed to the First Nation that, at the direction of the Commission, it would pursue the adoption of the RWS DCC Bylaw and then complete further work to develop a DCC Waivers or Reductions Bylaw. The CRD committed to consulting the First Nation on the development of a Waivers or Reductions Bylaw, with the understanding that the LGA governs the ability to reduce or waive DCC's for eligible development types.

The Nation indicated that previous consultation on the RWS 2022 Master Plan was inadequate, and that meaningful government to government engagement was required to support the Master Plan. This aligns with the CRD's previous commitment to engage with First Nations prior to proceeding with any of the growth-related projects identified through the RWS 2022 Master Plan.

This First Nation feedback is further considered in the subsequent November 19, 2025 staff report *RWS DCC Program and Bylaw – Update and Next Steps*, which considers how the CRD may respond to this feedback through the implementation of the RWS DCC Bylaw.

IMPLICATIONS

Regulatory and Policy

DCC bylaws are subject to review and approval by the BC Inspector of Municipalities under the legislative context of the *Local Government Act*. Although there are no mandatory public consultation activities listed in the DCC legislation, the BC Inspector of Municipalities may refuse approval of a DCC bylaw if the DCCs are found to be excessive, deter development or discourage construction of reasonably priced housing. Proof of a meaningful public process to obtain input from interested parties must be demonstrated for the Inspector's review of the DCC bylaw.

In reviewing the future RWS DCC bylaw, the BC Inspector of Municipalities will review the CRD's engagement process to ensure a meaningful public process was undertaken to obtain input from interested parties prior to first reading of the DCC bylaw.

CONCLUSION

Several public and development community engagement opportunities have been facilitated, summarized and reported to the Regional Water Supply Commission for its information when considering the adoption of a Regional Water Supply Service Development Cost Charge bylaw. The engagement summaries will also be used to supplement the proposed bylaw approval submission to the BC Inspector of Municipalities.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Joseph Marr, P. Eng., Senior Manager, Infrastructure Engineering
Concurrence:	Alicia Fraser, P. Eng., General Manager, Infrastructure and Water Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Memorandum - November 3, 2025
Appendix B: Urban Development Institute Correspondence:

i. Letter to IWS General Manager - October 28, 2024
ii. Letter to RWSC Chair - December 18, 2024
iii. Letter to CRD Board - September 26, 2025

URBAN SYSTEMS MEMORANDUM

DATE: November 3, 2025
TO: Capital Regional District (CRD) Integrated Water Services
FROM: Urban Systems Ltd.
FILE: 1692.0050.02
SUBJECT: Engagement Summary (Volume 3), CRD RWS DCC

1.0 OVERVIEW

Throughout the development of the proposed Regional Water Supply (RWS) Service Development Cost Charge (DCC) program, all key milestones have been accompanied by opportunities for interested parties to provide feedback to the Capital Regional District (CRD). As per the Province of British Columbia's *DCC Best Practices Guide*, consulting interested parties is a guiding principle when establishing or updating a DCC program.

Over the course of September 2023 to March 2024, the project team presented to municipal staff and Councils across the CRD. Staff presentations focused on the refinement of technical inputs (i.e., growth estimates) and Council presentations were intended to provide information on the draft rates and the project list. In all sessions, feedback was recorded and used to refine the program. Information on this engagement period is captured in **Volume 1 of the Engagement Summary**, which was presented to the RWS Commission (RWSC) on **April 17, 2024** and is available in that meeting agenda.

Following program refinement, the project team conducted a second engagement phase with interested parties throughout June and July 2024 that included two separate virtual information sessions with the public and members of the development community, along with an online survey and program information hosted on the CRD's Get Involved webpage for the proposed RWS DCC. Detailed information on these sessions is available in **Volume 2 of the Engagement Summary**, which was presented to the RWSC on **September 25, 2024** and is available in that meeting agenda.

At the September 25, 2024 meeting, the RWSC then directed CRD staff to complete further public and development community engagement related to the draft *Regional Water Supply Development Cost Charge Background Report*. This report is a required component of all DCC program submissions to the Ministry of Housing and Municipal Affairs for final approval and includes information on the technical inputs, all engagement conducted, and implementation logistics. To provide interested parties with an additional opportunity to provide feedback on the report and the proposed DCC, the report and an accompanying survey were published on the CRD's Get Involved RWS DCC webpage from October 10, 2024 to November 9, 2024.

Following the closure of the survey in November 2024, the CRD received additional correspondence, which is described further in **Section 3.0**.

This memorandum provides an overview of this third engagement period. A wide range of feedback was received through this engagement opportunity, with many themes consistent with those identified during earlier engagement activities. A summary of key themes from the survey results is included in **Section 2.0** and the complete survey response report can be found in **Attachment A**.

The draft background report is still available online and can be accessed through the CRD's Get Involved webpage for the proposed RWS DCC program.

2.0 ONLINE SURVEY

To gather additional feedback from interested parties and those unable to attend the live sessions held in the summer of 2024, a one-question survey was developed and hosted on the CRD's Get Involved page from October 10, 2024 to November 9, 2024. There were 97 individual responses to the survey, which focused on gathering feedback regarding the RWS DCC background report.

The survey prompted respondents to: "Please share any comments or suggestions you have about the Regional Water Supply Development Cost Charge backgrounder report." This survey question was open-ended and was intended to provide all respondents with the opportunity to provide their feedback on the background report. Common themes across received responses are identified and summarized in **Section 2.1**.

To see the complete survey response report, please refer to **Attachment A**.

NOTE: Three (3) of the responses have been redacted, as the respondents did not give permission to publicly share their comments.

2.1 SURVEY RESPONSE SUMMARY

The survey provided all respondents with an opportunity to write an open-ended response with comments, questions, or feedback for the CRD regarding the proposed RWS DCC program and related background report.

Key themes are summarized below:

DCC Program Elements

Growth Estimates

Some respondents highlighted the amount of low-density residential housing (i.e., single-family homes) estimated to be constructed in the 30-year timeframe. They argue that medium and high-density residential developments will represent most future housing starts.

Benefit Allocations (i.e., Benefit to New vs. Existing Development)

Mixed responses were received on the principle of who should pay for the Regional Water Supply DCC projects. Some respondents agreed that development should pay for its fair share of growth-related projects through DCCs and that the program is currently equitably structured and reasonable, while others preferred the capital works be funded by existing residents through increased regional bulk water rates or taxes.

Comments were received with respect to the benefit allocations assigned to the DCC eligible projects. Some respondents noted that the technique to assign benefit allocations was over-simplified and should be more representative of the actual incremental cost of growth on the water system. Conversely, other respondents noted that the benefit allocations did not seem high enough, and that allocations to new development should be higher.

Water Consumption, Conservation, and Bulk Water Rates

Water Conservation and Demand Management

Several respondents noted that by increasing water conservation measures, the CRD could defer growth related projects and therefore potentially reduce the proposed DCC rates.

Demand Elasticity and Bulk Water Rates

Some respondents noted that future increases to the RWS bulk water rate would, in turn, result in reductions to per-capita water demand, which could delay some of the growth-related projects. Some requested the CRD complete further study on this topic.

RWS 2022 Master Plan

Water Filtration Plant

Mixed responses were received on the recommended projects in the RWS 2022 Master Plan, which largely informed the RWS DCC project list. Comments received ranged from acknowledgement of the need to include all the proposed DCC projects, while others noted that some of these projects may not be needed. The proposed water filtration plant received the most feedback: some commented on the need to include the project, and others questioned the rationale behind the project and the CRD's ability to complete this project on time and budget.

Water Consumption

Respondents note that the RWS 2022 Master Plan assumes no reduction in per-capita water demand, despite newer homes being more water efficient, and the ongoing potential for further conservation measures.

Impact on Housing Affordability and Supply

Note that a large percentage of responses mention housing affordability and the potential impact the proposed RWS DCCs may have on housing in the region.

Additional Costs to Development

Many responses noted that Southern Vancouver Island is currently experiencing a housing shortage and affordability crisis, and that now is a bad time to be adding additional fees to development. Many disagreed with introducing an additional fee to development at a time when construction of housing is a top priority for all levels of government.

Impact of DCCs on Housing Market and Economic Analysis

Many responses noted that the proposed DCCs could render some housing projects unviable and have suggested the CRD analyze the potential impact of the proposed DCCs on the housing market. Reference was made to the assessment completed by Metro Vancouver with respect to DCCs. Other respondents questioned the impact of the proposed DCCs on "missing middle" housing, young families, and provincially mandated housing targets.

Provincial Housing Initiatives

Some respondents noted that the Provincial government has mandated new housing targets for some municipalities but has not provided funding for the infrastructure to support this growth, and therefore DCCs are a viable funding mechanism. Others believe the proposed DCCs will hinder municipalities' ability to meet the mandated housing targets.

DCC Project Costs

Several respondents were concerned with the cost estimates included in the RWS 2022 Master Plan and many predicted that the actual project costs will likely exceed these estimates. Some believe the DCC rates should be increased to account for future construction costs, while others question the expenditures and their necessity. Some also commented that the costs are fair and necessary to ensure adequate water supply for the future.

Funding Mechanisms and DCC Waivers or Reductions

Waivers or Reductions

In addition to the comments received with respect to housing affordability, many respondents are in favour of reducing or waiving DCCs for affordable housing, with specific mention of non-profit affordable housing noted in several responses.

Funding Mechanisms

Several respondents inquired about alternative funding mechanisms, including grants from senior levels of government, and whether these funding sources would help offset DCCs. Other questions were received on how the identified projects would be funded without DCCs. Several comments noted that project funding through bulk water rates may be more equitable at a regional level, while others believed DCCs were a fair and equitable funding approach.

Consultation and Management

RWS 2022 Master Plan

Some respondents noted that there is limited broad public awareness for the projects included in the RWS 2022 Master Plan. Feedback was received that the public should be informed on the rationale for the filtration plant and other projects, and the future increases in bulk water rates.

Engagement Opportunities

Some respondents appreciated the time and effort spent on the RWS DCC engagement completed to date, while others argued that public consultation has been limited.

3.0 ADDITIONAL FEEDBACK

Since the closure of the survey in November 2024, the CRD has received additional correspondence from the Urban Development Institute (UDI) providing feedback and concerns with the proposed DCC program. In September 2025, the UDI provided the CRD with an economic analysis report which explored the current status of the development industry in the CRD and the impacts of the proposed DCCs.

The CRD has also held ongoing communications with, and received feedback from, local First Nations on the applicability and impacts of DCCs on reserve, treaty and fee simple lands.

This additional feedback and correspondence will be presented for the Regional Water Supply Commission's consideration at the November 19, 2025 meeting, and discussed in greater detail in the associated staff report. This additional feedback is not summarized in detail as part of this Engagement Summary (Volume 3) memorandum.

4.0 CONCLUSION

This memorandum summarizes the feedback received on the draft *Regional Water Supply Development Cost Charge Background Report* for the Regional Water Supply Commission's information and consideration when contemplating the adoption of a RWS DCC Bylaw. This memorandum is in addition to the previous two Engagement Summaries provided to the Commission earlier in 2024.

ATTACHMENT A – Survey Response Report, CRD, 10 October 2024 – 09 November 2024 - Proposed Regional Water Supply Development Cost Charge Program

Comment Form

SURVEY RESPONSE REPORT

10 October 2024 - 09 November 2024

PROJECT NAME:
Proposed Regional Water Supply Development Cost Charge Program

GRANICUS

SURVEY QUESTIONS

Q1 Please share any comments or suggestions you have about the Regional Water Supply Development Cost Charge backgrounder report.

Anonymous
10/10/2024 10:14 AM

The DCC program sounds like a very fair, equitable and reasonable way to provide funding for large infrastructure projects. It is forward thinking and bold. Given the growth projections and estimated costs, it is the only way to fund such projects. It will be well managed and reviewed annually. What is more important than securing water for future generations?

Anonymous
10/11/2024 08:49 PM

I think it's reasonable, there is very little that is more important to Greater Victoria than a reliable water supply.

Anonymous
10/11/2024 09:03 PM

I support this. Developers are not going to want to pay but please don't overweigh their position. The crd should embrace a development pays for development costs. Please compare the costs of this proposed dcc with other areas and regional districts. Please also exempt long-tenure affordable rental/housing and on-reserve housing from the proposed dcc.

Anonymous
10/12/2024 07:29 AM

Pensioners have made a lifetime of contributions to build the island to where it is today, but are stressed beyond their means by inflation. Consideration should be given to subsidizing seniors to shield them from yet another reduction in their ability to survive economically. Maybe based on income, and not property values.

Anonymous
10/12/2024 07:56 AM

Has there been adequate (or any) analysis of the impact to the cost of housing. 9,000 per door is a significant increase on top of all the fees and other financial pressures on construction. The impact to each jurisdiction should be calculated - Victoria's economics are much different than Oak Bay or Langford for example. Can the project list be scaled back? Have taxpayers (users) been adequately educated with regard to the user fee increase? This is a huge increase compared to property tax increases that also have a significant impact on household budgets. All of the advertising and outreach to date seems to be geared to the developers and local governments and the public doesn't care how they are impacted. A better effort needs to be made here. Do we really need filtration (which appears to be the largest line item cost)? Our water is the cleanest in the world. Perhaps another method of dealing with potential wildfire debris? What happens in jurisdictions where wildfires are frequent? And perhaps an alternative way to deal with the leech

	river switch over if and when that is needed? Can the CRD work to reduce consumption (incentives for low flow devices etc, stricter watering restrictions) to reduce the magnitude of these works?
Anonymous 10/12/2024 07:57 AM	I think Industrial and Institution rates are pretty minor when you look at the cost for Residences. I agree with a charge being added basically for new users to have access but think maybe it's weighted too heavily toward private residences. I assume you have a formula, but from an outsiders view it doesn't seem to break down commercial, institution or industrial into any category based of expected usage.
Anonymous 10/12/2024 09:18 AM	I believe the DCC recommendations are reasonable, although I was surprised at the level of benefit assigned to the existing community. I have to believe our existing utility bills include a provision for asset management and scheduled replacement of the supply pipelines. If so the allocation of cost for the proposed pipelines should be higher than 35% to new development.
Anonymous 10/12/2024 09:27 AM	I fully support implementing a DCC to pay for growth related infrastructure and improvements to our water supply system.
Anonymous 10/12/2024 05:12 PM	DCCs should be charged to the fullest legal extent, except in the case of fully non-profit residential developments in which case negotiated discounts could occur.
[redacted]	[redacted]
Anonymous 10/13/2024 05:32 AM	I support the addition of DCC.
Anonymous 10/13/2024 07:30 AM	In a housing crisis, it seems shortsighted to be adding additional costs to residential development without assessing whether this will constrain getting new supply built. It's better to fund upgrades and expansion by all users (residents in new developments will end up contributing as well). While we all like to complain about paying property taxes, they are a generally more equitable of paying for infrastructure.

Anonymous 10/13/2024 07:41 AM	The proposed charges are completely out of touch with the reality of unaffordable housing. If the infrastructure is required a different method of financing needs to be identified. This proposal will worsen already unaffordable housing in the region. A complete rethink is required.
Anonymous 10/13/2024 08:44 AM	Stop adding costs to new housing. Your report is flawed and the way in which you are running this process is not transparent. The report assumptions are broken and the CRD is not capable of delivering a project of this scale.
Anonymous 10/13/2024 11:57 AM	1. This fails to address the added costs this will have on new housing 2. This fails to adequately explain why we require this expanded water treatment infrastructure when it is not certain the impacts associated with climate change will require this level of infrastructure 3. This fails to explain why water consumption is expected to increase when actual water use has decreased over the past several decades despite substantial population and industry growth.
Anonymous 10/13/2024 02:45 PM	As a home owner I have zero influence over the rapid regional growth being experienced by some of the municipalities with in the CRD. There's only so much water you can pump through the supply system no matter how big our reservoir so when unchecked development is happening, developers should pay the added cost of water supply development. Don't saddle we existing homeowners with increased water rates to pay for unchecked development approved by mayors and councils I did not elect.
Anonymous 10/13/2024 04:38 PM	DCCs are not a fair way to pay from this major project which will serve the needs of the entire Region for decades to come.
Anonymous 10/13/2024 05:33 PM	Stop making new homeowners pay for infrastructure upgrades that benefit the whole community. DCCs are passed on from developers to purchasers, including younger families struggling to get into home ownership. This is an unfair burden when existing homeowners also benefit from those upgrades and avoid paying for it.
Anonymous 10/13/2024 10:37 PM	No comment
Anonymous	The pub lic and builders cannot afford this cost applied to new homes

10/14/2024 08:53 AM	
Anonymous 10/14/2024 09:34 AM	nil
Anonymous 10/14/2024 09:56 AM	There is an affordability crisis in the CRD. No additional costs please. In fact, reduce water fees and allow land to be developed for housing in the areas around the Sooke Lake reservoir.
Anonymous 10/14/2024 10:07 AM	Please proceed with the program. Good water is one of the top reasons why the district is such a good place to live.
Anonymous 10/14/2024 10:25 AM	If anything both the project cost estimates should be higher and the rates that will be charged as a result. Projects always coat significantly more than they are expected to. There should be more of a buffer. Additionally, low residential rates should have two categories. One for individuals who are not developers subdividing their land into two or three lots, and one for developers planning entire neighbourhoods of low-density residential. The rate shouldn't be lowered for individuals, but the rate for developers should be a significant increase. Thank you for all the work you've done on this.
Anonymous 10/14/2024 11:07 AM	Disastrous for future costs of new housing. CRD needs to reevaluate why their water project is so expensive. Be honest and highlight the proposed DCC cost so the public is aware of the extra cost
Anonymous 10/14/2024 02:01 PM	1. This report is based on, among other things, OCP's developed that have now been made obsolete by the Provincial government ie the numerous edicts that orders additional developments on single family lots and essentially high density contrary to what is in those OCPs Therefore, these foundation documents you used are useless and therefore should not be used for this report. 2. The report, in my understanding of it, indicates that any new development will only pay a fraction of the total costs for connection to the water supply yet the rest of the citizens have, over many years, paid many dollars already and will be expected to pay the majority of any additional costs for the new developments. This is patently unfair to the current residents. New developments should have to pay all development charges to connect. In addition, to have access to the current system which taxpayers have paid for over many years they should pay a portion of the total cost already sunk into the system. And it should be a portion of the total cost of the system in place based on a percentage and not just a token amount. I am sure this would be easy to determine

using computers. Basically, your proposed system gives anyone connecting to the CRD water system a free pass on the millions already invested and paid for by taxpayers and has those same taxpayers pay the majority of the cost to connect the new development. This is unfair to every current taxpayer in the CRD. 3. How will it work for previous connections made? For example, the residents in the Kemp Lake Waterworks District in the Juan de Fuca electoral area paid for their waterworks. When it was connected to the CRD water system the residents were responsible for the total cost of connection which has saddled those residents with millions of dollars in debt which they must pay on their water bills for many years. And, I believe, they are financially responsible for any upgrades to the original Kemp Lake Waterworks District pipes, pumps etc. And so, now you want them to also pay for other people to connect to the CRD water system. There may be other instances where this has happened in the past. This is another area that is patently unfair and needs to be sorted. 4. My comments above would raise the cost of new developments but it is actually much fairer to everyone as, hopefully, we are not a socialist country. Using an analogy, if you buy a new car you and your family are the only people entitled to use it, not everyone in your neighbourhood.

Anonymous
10/14/2024 05:03 PM

I believe it is appropriate and fair

Anonymous
10/14/2024 10:00 PM

I agree with the development cost charge as water shortage will become a real issue as Victoria continues to grow, and with weather pattern changes. It will be prudent to start investing in water storage facilities before it is too late.

Anonymous
10/14/2024 10:38 PM

Collect from property taxes on all properties rather than development charges. Existing properties profit from lack of new housing and should pay too

[redacted]

[redacted]

Anonymous
10/15/2024 07:52 AM

Development should proceed from water down, not up. It is time to demand that any development scale down the need for and use of water. Start planning for communal water use where possible. Minimize the expectation and need to over use water. Identify our heavy use areas and where we can gently recalibrate our expectations and demands from our water supply. Lawns to laundry to car washing to … raising awareness of our everyday use of water,

with an eye to respect for water, our dependency on it, and our responsibility to all being, plants and animals, plus future generations to the water that is essential for all life.

Anonymous
10/15/2024 10:28 AM

The Capital Regional District's (CRD) Regional Water Supply Master Plan lacks technical and financial due diligence, exposing residents to a potential 500%+ increase in water charges with expected cost overruns and adding thousands of dollars to the price of every new home. The proposal is based on flawed projections and other questionable data. The plan fails to implement sound fiscal management practices and does not address soaring capital costs, particularly since the pandemic, risking significant project cost overruns. The plan will add additional Development Cost Charges of $9,044 per new single-family home, and $7,914 for each 'missing-middle housing' townhouse and duplex. For a 50-unit multi-family building, these new charges alone would add over $250,000 to the build. Most residential water users in Greater Victoria are not aware that the CRD plan will result in unprecedented rate increases. There is no broad public awareness of this plan which will dramatically impact the cost of living for current and future residents. The CRD should reconsider this plan.

Anonymous
10/15/2024 11:37 AM

Adding DCC's of $9,044 per new single-family home, and $7,914 for each 'missing-middle housing' townhouse and duplex will increase the cost to build which is ultimately passed on to the buyer. This increase will be significant to the builder/developer where costs are already almost out of reach for most small to medium companies. This will slow down new builds and the regions ability to address the missing-middle housing crisis within the CRD. Has the CRD administration considered how adding fees of this amount to the cost to build will impact the housing crisis on Southern Vancouver Island? And each municipalities ability to meet their housing targets per the provincial initiatives? Home buyers will eventually be passed on these new fees in the cost of their home - which is already difficult to qualify for. CRD should be collecting these fees through the tax base and municipalities, not builders and developers as an upfront cost to build. In removing barriers to developers and builders, they can add homes to the region quite quickly which would increase the taxpayers and tax base in the region. Builders and developers are not the enemy! They are the ones providing housing and adding taxpayers to the CRD. Please remember, the government does not build homes.. Please look at the statistics. This is simply adding to the cost to build and buy, will slow new builds in the CRD, and have a negative impact on housing unaffordability in the region.

Anonymous
10/15/2024 12:33 PM

Charges should be waived for the provision of below market housing, and the costs transferred to market housing with extra taxation for deluxe and large per person footprint accommodation. These water costs should reflect the provision of stainless steel or copper pipe delivery, and the replacement of lead or plastic pipe in contiguous areas.

Anonymous
10/15/2024 03:04 PM

I have reviewed the Regional Water Supply Development Cost Charge backgrounder report. As the title implies it is looking primarily at the costs of new developments and how the expenses should be fairly divided. I am left wondering if anyone in the Water Board/District is looking at this with an eye to stewardship. Do we know what population our watershed can comfortably supply? Has this been calculated using both the best and worst case scenarios in terms of drought years and user conservation measures? Has this been published anywhere? In essence, what is the natural limit to growth defined by water availability? History is rife with examples of advanced civilizations that crumbled very quickly when they outstripped their water and natural infrastructure limits. Money is useless when the well is dry.

Anonymous
10/15/2024 03:36 PM

The water improvements are not just enjoyed by new home construction but all residents and should be shared evenly, not just borne on new developments. These costs are astronomical and could be a go no-go deciding factor in delivering much need housing to the area or mean increased housing prices. Please reconsider the burden that these proposed changes are putting onto residents through the form of new development, low housing supply and increased cost.

Anonymous
10/15/2024 04:43 PM

- This document is identified as DRAFT. Where is the final? - The report notes that this is intended to consolidate DCC bylaws. Does this mean that the water portion of the other municipal DCCs will be removed or is this adding to them? If the other municipalities don't eliminate their water DCC, is this not effectively double-dipping on fees that are already in place? - The other municipalities have DCC money for water and sewer through their DCCs. Are these municipalities going to divert their DCCs and reserves for these services to CRD? - "benefiter pays" clearly doesn't work given the current cost of housing. Also, "benefiter" is subjective and ignores the benefits of increasing population such as labour availability, new businesses, and services that benefit everyone including current residents. Also, isn't a better and more robust water system a benefit to the entire community? - How does one prove that "the new development does not negatively impact the existing infrastructure, or the impact of that development does not require infrastructure

improvements"? The way that these DCCs are applied assumes that anything new is effectively going to overburden the system. - What would happen to all of these projects if development doesn't happen and it's not possible to recover the necessary fees? Are these projects not important enough to do without DCCs? - Does the budget include the added revenue provided by new residents long-term? More people means more water usage but also means more collected fees. These new DCCs will get passed on to new residents so you're effectively punishing new residents with an up-front lump sum water fee increase along with any ongoing fee increases. - Where are all of your sources for information such as growth rates, occupancy rates, anticipated unit types being built, water usage rates, projections, etc. to confirm assumptions? There should be citations providing the rationale for the various assumptions. For example, there is an assumption that 25% (≈15k) of total new development (≈62k) is low-density residential. Where is all of this single-family going? Most development is going to be medium and high density housing. - Where are the comparisons to other municipalities and their associated usage rates, fees, and DCCs? without context, there is no clarity on if this common for other municipalities or just a CRD issue. - What is the proposed increase in the current water fees to cover the other fees not collected by the DCCs? There should be a complete budget including what is being proposed for anticipated rate increases. what is the anticipated rate hike to cover the ≈ $520mil? There needs to be context in what is being requested to determine the reasonableness of these fees. - This budget doesn't include any sort of time value/cashflow with respect to the project horizons, including the fees collected from water usage, fees collected from DCCs, etc. For something so consequential, the budget is incredibly limited in terms of its planning and clarity.

Anonymous
10/15/2024 05:15 PM

Housing has been quite a contentious topic in the region in the past few years due to the lack of affordability and shortage of housing stocks. The 2022 Regional Water Supply Master Plan cites risks such as climate change, aging infrastructure, and natural disaster risk (earthquakes) as the main justifications for the proposed upgrades/projects. It is noted that CRD uses a growth rate of 1.25% for planning purposes and anticipate that the SLR will reach capacity by 2045 if growth rates continue. It is my understanding that a large portion of the proposed upgrades would still need to occur even if the population stopped growing today. Almost 10k increase in housing production cost per unit will impact new housing stock making it more unattainable for people of younger days. It seems really unfair that this is the case.

Anonymous

Helpful report though it could better explain the value of the proposed

10/15/2024 05:45 PM

cost charge, including how it requires developers to pay a more fair portion of their costs, rather than leaving the burden on taxpayers.

Anonymous
10/15/2024 06:49 PM

With all due respect, these DCC '"charges" collected by local governments to fund infrastructure for population growth' are, in essence, a new form of taxation imposed on home buyers. Similar to the controversial MSP premium, which created barriers to accessing Canada's already funded universal health care system, this DCC tax is both unreasonable and questionable in its legitimacy. It appears more like a stopgap measure to mask the mismanagement of resources rather than a genuine solution to community growth

Anonymous
10/15/2024 08:09 PM

This increase to DCCs punishes the municipalities that are working hard at growing housing supply and further incentivizes municipalities on the Province's naughty list to do nothing to spur growth. This will further dampen any efforts to increase housing in Greater Victoria and make already expensive housing even more unattainable.

Anonymous
10/15/2024 09:08 PM

This is completely punishing people from building a new house. The costs of new water pipes should be shared by all residents, not just ones building a new house. This is outrages and should never go through. When a bridge or pool is build, its shared by the whole community, not just the first one who drives over it or swims in it. Its a public benefit and should be a shared cost by the public. From, Local builder in Victoria

Anonymous
10/15/2024 10:22 PM

We’re drowning in taxes that add to the costs of housing and rentals. Cut staff, cut costs.

Anonymous
10/16/2024 09:08 AM

- Plan should be more gradually phased and not burdensome of taxpayers and housing; - Development Cost Charges should not be heavily increased at a time when the cost of housing is already rising steadily; - CRD should be working with municipalities to ensure that the introduction of Amenity Cost Charges and water Development Cost Charges does not create a net increase on new developments.

Anonymous
10/16/2024 09:32 AM

Please do not proceed with this project. It overrides our perfectly well functioning system at a major cost to residents and new housing. The changes being proposed are far from understood by the average resident and it carries tremendous cost implications that have not been communicated well enough on a CRD level to justify moving forward. If this moves forward without much more rigorous and active

community participation sharing the projects true impacts it will be one of the biggest failures of the CRD. Please reconsider this project for the residents of the CRD, it is not needed.

Anonymous
10/16/2024 09:40 AM

We are in an era where construction costs are soaring and stalling out the much needed development of new homes (and other building types) to support a growing population and attempt to address affordability issues by increasing supply. Adding another 'fee' on new construction is counter productive to many of the initiatives all layers of government are trying to take to stimulate construction of new homes. Further the suggested fees seem incredibly high. $9,000 for a 2,500 sqft single family home costing $375/foot to build equates to a 1% increase in building costs, which may not seem like much but is likely equivalent to the cost of the appliance package for that same home which most people view as a big expense. This rate works out to a similar percent on commercial buildings. I appreciate the notion of 'those who benefit should pay' but all of us use and benefit from our water system. For those of us who live in existing homes and buildings, we have benefitted from having that water infrastructure too and did not directly pay for it as part of the cost of our homes so it does not seem fair that cost should only be borne by future new home owners when existing homeowners have historically had that benefit. Our infrastructure is a community benefit and should be funded as such. If water rates need to go up to share the cost of managing and expanding our system that is a far more equitable way to address this issue that does not penalize and disincentivize new construction and is better aligned with political agendas across the spectrum.

Anonymous
10/16/2024 10:10 AM

I appreciate the opportunity to provide feedback on the Regional Water Supply Development Cost Charge (DCC) backgrounder report. I am deeply concerned about the potential repercussions if these proposed changes are implemented. Our region is already facing a significant housing shortage, and I fear that a substantial increase in DCCs will hinder the development of the much-needed housing supply. This is especially critical when alternative, less costly water treatment solutions may exist. Developers are already navigating challenging conditions, including high interest rates and soaring construction costs. With slimmer margins, many may be unable or unwilling to pursue housing projects, exacerbating the housing crisis. Furthermore, the financial strain on residents is already high, and the added cost of living that would result from funding a new, expensive treatment plant could make the region even less affordable. I strongly urge you to consider the broader impact these changes could have on current and future residents, as well as developers, before proceeding.

Anonymous
10/16/2024 01:17 PM

I have read the report and agree with the implementation of the DCC program.

Anonymous
10/16/2024 03:38 PM

I would have thought more of the costs needed to expand the water supply would be directly related to our expanding population from development. Most are applied at 35% with minimal $s at 100%. I thought the primary reason behind the capital plan was to service Victorias increasing population. The CRD should be recovering more of the costs through DCCs. I totally agree with using DCCs to fund infrastructure improvements needed due to development.

Anonymous
10/16/2024 09:48 PM

We will need water infrastructure for new developments and this should be financed too a large degree by development cost charges.

Anonymous
10/17/2024 08:21 AM

Please ensure that affordable housing provided by non profits are exempt

Anonymous
10/17/2024 08:32 AM

I do not believe this report has extensively considered the impact on housing. The housing industry is in a tough place and an additional cost of this nature could make projects unviable. Projects with historical land costs might be able to absorb this cost which only represents a small portion of the potential new homes. I believe the development industry should not shoulder the cost. This fee in addition to the proposed increases to the Victoria DCC will make projects unviable. I encourage CRD to thoughtfully engage industry and listen to our feedback. We are your partner in producing housing.

Anonymous
10/17/2024 09:39 AM

It is already incredibly challenging to develop new housing in the CRD - multiple projects are on hold as they are not financially viable. Do not impose more upfront costs on developers, the money needs to be raised in other ways.

Anonymous
10/17/2024 10:25 AM

This is exceptionally bad for the real estate industry and ultimately will affect affordability/attainability of housing for homeowners.

Anonymous
10/17/2024 01:26 PM

I'm challenged by the new fee in multiple ways. First, it does not appear sufficient due diligence was done to understand the cost implications for real estate development and the impact on a projects' progress. Currently, the real estate market in Victoria and the Greater Victoria area is challenged: - High interest costs - Slow market re:

presales - Increased seismic and adaptability requirements - A proposed increase of DCCs by up to 100% or more These impacts are all deal stoppers. Individually, they're challenging to a project. Collectively, they'll bring most developers to their knees. Certain sites, you could put the land in at ZERO and you still couldn't make a proforma work.

Anonymous
10/17/2024 05:45 PM

BC is losing population as more residents leave the province than those moving here because they cannot afford to live here. Greater Victoria is one of the most expensive locations in BC. We are in desperate need of new, affordable housing, yet CRD is proposing to add another $5,000 to $10,000 to the cost of new housing. Greater Victoria and the Province is heading to an economic precipice through uncontrolled spending and debt. You cannot expect the residents of the area to continue to pay more and more. The CRD and all the municipalities have to get spending under control.

Anonymous
10/17/2024 06:12 PM

This plan needs to be studied more. We have a gravity system and we know that gravity always works. Avoid the pumps that the engineers are proposing. They can fail, are expensive to operate and maintain. They will cost the residents, future renters and home buyers more money at a time when prices are already sky high. I had a gravity drainage system in an area near the ocean prone to flooding at a King Tide. All of my neighbors had multiple high volume pumps. A highly respected prominant company gave me a proposal for an expensive multiple pump system to avoid a flood situation. Another contractor said I didn't need pumps because we had enough slope. The day the big King Tide hit the street and all of my neighbors homes were flooded with all of their pumps running full speed. My home was not!!! Gravity works!! Please don't spend a lot of our money on a project that isn't need, not well researched and thought out. Threre will be cost over runs and this project will be a lot more expensive than projected. Please take the time to look for the best solution if one is needed at all.

Anonymous
10/17/2024 07:46 PM

I do not agree with funding upgrades to the Regional Water Supply as I think it is unfair that I and other residents pay for upgrades for the benefit of other people, who are not yet residents and who aren't paying for the improvements that wouldn't be required if more people weren't moving here.

Anonymous
10/18/2024 11:58 AM

Good morning, I have been a part of the stakeholders meetings and understand the proposed fees have not been weighed against the impact to the creation of housing. Metro Vancouver conducted a

thorough analysis on the impact of fees to housing - this has not been done / or has not been communicated to the housing industry in the CRD. While I understand funding is needed to build-out and maintain water infrastructure, having the housing industry pay for a majority of this is irresponsible to future generations. There is only one solution to the creation of affordable housing, and that is Time. Market housing built 20 years ago, is now affordable housing. If we do not build more housing today, we will not have affordable housing in the future. Water DCCs need to be spread out over the entire tax base, including increasing property taxes. Victoria has made great progress in the creation of a Missing Middle Policy and these fees will halt projects. I truly hope the housing industry can have a productive conversation with the CRD before these fees are enacted. We need to be working together and this policy is flying in the face of cooperation.

Anonymous
10/18/2024 12:05 PM

- It's not clear what the objective of this comment collection is. The DCC backgrounder report appears to be issued after all substantive planning policy, and very limited public consultation has been completed. What does input received by this comment feed into? If this is to be represented publicly to to the Water Commission or CRD Board its very disingenuous as its clearly just a backward looking attempt to make it seem like there has been public engagement. -The low density residential growth category appears to be very overstated. Single family residential homes are a nearly extinct form of production housing. There will not be 500 SF homes per year moving forward, this is an incorrect assumption. Core municipalities will have very few new homes, with most SF permits replacing older housing stock. Westshore municipalities are now shifting to TH's and other multi-families. They are simply unaffordable for the vast majority of the population and there is limited land remaining. -DCC Benefit allocation has been oversimplified, and does not reflect the actual incremental cost of growth on the system. This needs to revisited on a cost line by line basis. - At least some of the budgeted DCC items are not likely to be required within the 30 year DCC horizon after the true cost of the works is realized. This is all based on 2020/2021 costs. Once actually works are built and water rates increase dramatically, demand will be reduced. -2022 Water Master Plan assumes no reduction in water demand despite significant opportunities to target reductions in summer water consumption. CRD has an obligation to work with municipalities to target very high summer consumption rates through development and billing policies that would reduce this very large consumption category. With modest reduction in demand, many of the expensive works can be deferred beyond 30 year horizon.

Anonymous
10/19/2024 11:38 AM

At a time when housing affordability is top of agenda at ALL levels of government, it seems absurd to be recommending such exorbitant DCC's on new developments. Housing of all stripes, except perhaps of the most luxurious properties, is increasingly unaffordable whether for buyers, especially first time buyers, or for renters. It is the goal of most local governments to increase the supply of affordable and below market housing and any program which adds substantial costs, such as this DCC program does, will only help to discourage development, when what we want is the opposite. It is the wrong time to be adding such a burden to the citizenry of the CRD wishing to get into the housing market or simply to continue existing in the present market. These DCC's will invariably trickle down and become burdens for the citizens we are trying to insulate from the continued growth of housing costs.

Anonymous
10/20/2024 03:28 PM

I believe, that our current water rates are already outrageously high, and starting a new programme (with new personnel and overheads) will only result in increased costs for everyone. We managed to enlarge the Sooke reservoir with far more reasonable water rates in place, and current high water rates plus numerous surcharges should be more than enough to plan for further expansions. As water consumers, we expect you to manage and make the most of already available resources, and not look for more and more funds from already stressed households.

Anonymous
10/21/2024 08:58 AM

With this many different projects over an extremely long timeframe, it doesn't feel "right" to bundle them into a single DCC bylaw right now. Surely these could benefit from another year or two of more detailed planning, growth forecasting, etc. (I am also mindful that the % amounts not covered by DCCs will be picked up by higher water rates - this conversation MUST happen publicly before the DCC rates are established!)

Anonymous
10/21/2024 10:30 AM

Concerned about low density (single family) with rental suites. This is a growing phenomenon that I feel will grow over time and not sure how it gets address in this plan. Perhaps a definition of family sizes is appropriate ... also applies to other densities. I would like to see a ranking or prioritizing of projects. Perhaps over the 30 year horizon.

Anonymous
10/21/2024 10:16 PM

I would like to see more effort into reducing water useage. The blunt stick would be to introduce tier pricing where the water price would increase after reaching a certain threshold in each of the 3 billing cycles (similar to BC Hydro tier pricing). To me, this would mostly affect people who use drinking water to water their lawns and

gardens. The approach would also provide incentive for people to collect more rainwater to use on their gardens. Combined with this, I would like to see incentives for people to invest in water collection for their yards, and incentives to convert lawns to shrub and meadow areas. If native trees, shrubs and flowers are used, there would be a significant reduction in water use to keep the areas healthy (compared to the same area of lawn). Native plants would also help bioiversity. In addition there would be some benefit by lowering ground temperature (compared to lawns) and even some carbon capture in the trees and shrubs. The CRD portion of the budget will have to be raised with taxes which affects all citizens. I would like to see more responsibility on the current water users in the form of higher water bills so that the CRD tax contribution and the DCC charges could pay for a lower proportion of the total.

Anonymous
10/22/2024 11:25 AM

We need a second reservoir for crd. With growing population we can’t rely on just Sooke. And what if something happened at this site???

Anonymous
10/22/2024 11:32 AM

I feel the CRD is perhaps trying to avoid the problem we had with sewage but I do believe that developers and new citizens to our area need to pay for the densification including projected water needs. Current tax payers are paying for the lack of foresight regarding sewage expectations and that is a great burden. I feel it is too much to ask current tax payers to now pay for future water needs of people who may or may not be from this area. The costs of future water should be incorporated into development costs Municipalities are also struggling with the costs associated with densification. Any new residents expect to receive the same services and amenities that have been fought for and paid for by existing tax payers for years. There has to be a way to make any densification include the real costs of building the new units. I've lived in the same home for over 40 years and have only seen a drop in the quality of life due to the volume of traffic caused by the increasing demand for housing in our community. If our population is constantly increasing it would seem that the cost for services etc. should decrease but they never do, at any level of government. Local authorities need to deal with the bigger issues like traffic and ICE vs electric vehicles sooner than later. Perhaps consider a toll to get into town centres to encourage more alternate travel (especially buses). We constantly give developers reductions in their required parking requirements but it does little to discourage car ownership. Our residential areas simply fill up with cars parking for "free". It seems to me it is always simpler to charge a known quantity, ie existing tax payers, for future development costs but there is a limit to what tax payers can afford especially considering the age of our local population. I'm tired of people expressing the opinion that anyone who owns a home nowadays

	should be paying a tithe to those who can't break into our expensive market but it was never easy to buy a home in Victoria.
Anonymous 10/23/2024 12:47 PM	More study required. Figures are too high. Much more foresight required than the poor decisions made of the sewage treatment system.
Anonymous 10/23/2024 12:59 PM	Use independent committee (from CRD and governments), consisting of proven business owners. No politicians. Better decisions need to be made than the outcome of our recent sewage treatment.
Anonymous 10/23/2024 11:09 PM	CANCEL THE NEW CRYSTAL POOL! and renovate it instead, easy, instant $200 million
Anonymous 10/24/2024 07:08 AM	Funding should definitely be by community vote, NOT via the alternate approval process. This is a significant cost to taxpayers already looking at fees from every direction. Developers and investors should shoulder a significant portion of the cost, as they are ultimately the beneficiaries. Wages for CRD employees and management are beyond private sector wages, and need to be red circled or reduced, with bonuses being eliminated. There's a lot of public outcry over this point. Finally, contracts need to be fixed price. Contractors seem to be bidding low to win contracts, then escalate costs during the projects. This must change. They must be held accountable. This one change would have a significant impact on project costs.
[redacted]	[redacted]
Anonymous 10/25/2024 10:43 AM	Folks that will never get water supplied by the CRD, eg. North Sooke, East Sooke, parts of Metchosin, should not be taxed for the Regional Water Supply Cost Charge. In other words, if we must remain on our own self costing well systems, you must not try to squeeze money out of us. Being on our own systems is more expensive than being on city water. No way should we have to pay money to CRD as well.
Anonymous	Developers of new or higher density projects should be paying for it.

10/25/2024 12:48 PM	We already paid for it in our property purchase and through taxes to maintain it.
Anonymous 10/25/2024 08:27 PM	Water is free. Stop giving it away to corporations for profit!
Anonymous 10/26/2024 05:24 AM	I support the implementation of DCCs to pay for regional water supply expansion in new development.
Anonymous 10/27/2024 04:59 PM	DCC's still add unneccessarily to housing costs. The CRD seems obsessed with expanding and creating new projects not required. Cut costs. Taxpayers are collapsing under the burdens of so many levels of government all funding their personal ideological pursuits on the backs of taxpayers. We are willing to assume some risks in exchange for the ability to afford food…
Anonymous 10/27/2024 10:23 PM	It seems fair to have water users pay increased rates for the water they use. If you use the resource, you pay for the resource. If you use more, you pay more. Market based economics works and incentivizes careful consumption. Whatever you do, don't make people on wells pay for CRD water (I'm not on a well, I'm 100% supplied by CRD). I just want people to pay for what they use and use less natural resources.
Anonymous 10/27/2024 11:11 PM	Cost should be charged to the developer not existing customers. They can add it to their sale price.
Anonymous 10/28/2024 04:53 AM	What report? This is the first time I have heard the term
Anonymous 10/28/2024 05:03 PM	We have no more m9ney to give and every level of govt with hands out for a pet project that will give some supervision with a father inhis cap. Stop it!
Anonymous 10/28/2024 11:31 PM	This is absolutely ridiculous, the developers should be paying for such things like this upon development of the land. I completely disagree with said plan and cost charge report.
Anonymous 10/29/2024 02:38 AM	Instead of development costs where individuals must finance it themselves (losing economy of scale) you should just charge a bill

surplus for X years for new homes that are built. Ultimately this would be cheaper way of doing development costs, if you decide that growth must pay for growth. I personally do not think that growth should fully pay for growth as that implies that existing residents see no benefit to new housing. Also if we wanted everyone to “pay their share” then residents in low density areas should pay a lot more for their water as there are fixed infrastructure/maintenance costs that would be spread amongst relatively few people.

Anonymous
10/29/2024 11:17 AM

In my opinion, the proposed DCC charges are based on some flawed technical assumptions within the 2022 Water Master Plan, as prepared by Stantec. The flawed assumptions should be revisited, at which point a better informed DCC program can be evaluated. My specific comments: 1) The CRD should complete a more robust water demand analysis, recognising that there is elasticity in demand based on pricing changes as proposed. Reducing the demand to a projected 300L/c/d would eliminate or delay much of the proposed works program. 2) Water filtration plant – greater analysis is required to demonstrate the need for this expensive plant. Should water demand be lowered, as noted above, then the need to the Leech River diversions (and hence the water filtration plant) can be delayed for decades. As for the position that wild fire risk will necessitate a new filtration plant, this too requires further analysis. The demonstrable history of wild fires in then 20,000+ acre watershed shows such fires are exceedingly rare, and do not occur on such a scale as to materially impact the water quality of the reservoir.

Anonymous
10/31/2024 03:12 PM

I support the proposed DCC program under the principle of "growth pays for growth". The existing water users shouldn't be responsible to pay for the added capacity of future water infrastructure. I believe the CRD is doing a great job of planning for the future of our valuable water resource to account for growing population, climate change, seismic risks and the growing list of risks to water quality. I do think some sort of reduction could be implemented to support non-profit affordable housing.

Anonymous
11/01/2024 08:09 PM

Building affordable homes in the CRD is already on the edge of financial viability for developers and home builders. This new development cost charge will certainly increase the financial risk for developers and dissuade further development. The current municipal and provincial taxes, utility fees, and existing DCC's are already in place to cover future expansion and maintenance. - Why don't the existing fees, levies, charges, and taxes cover the cost of these upgrades? - The financial modeling over 30 years does not take into account the decline in new development that this DCC will certainly

cause - Take a hard look at whether these upgrades are truly needed and why they are not paid for by our existing taxes and fees

Anonymous
11/05/2024 05:45 PM

I am totally in support of the Regional Water Supply Development Cost Charges. Clean, safe drinking water is critical and precious. The Vancouver Island Health assessment found that the water from the Leech area has a lot of turbidity due to past logging and says we need a proper filtration method to ensure good quality. The neighbouring Juan De Fuca Water Supply District Water DCC bylaw has had a positive impact on relevant new infrastructure for a variety of land use categories and has been working successfully for many years now. Industry has liked it as it brings stability to the region knowing what to expect. As the government has imposed massive increased density in the CRD, our infrastructure needs to be built out and it is unfair for all our current residents to have to bear the brunt of the costs. People moving to this area should have to contribute their fair share of the costs. Enough meaningful consultation was done throughout 2024 and it is time to act on it now and get moving on this project. We have seen time and again when projects are delayed, the costs rise exponentially.

Anonymous
11/06/2024 11:33 AM

We write to express our serious concern regarding the proposed water Development Cost Charges (DCCs). This proposal could increase costs by $5,000 to $9,000 per unit, adding to recent DCC hikes that already total around $20,000 per unit. These cumulative charges are pushing projects past a breaking point. Developers depend heavily on banks and lenders to provide construction financing. Lenders demand a minimum rate of return, which in today’s economic climate, is no longer feasible under the weight of these added DCCs. Project pro formas simply don’t work, effectively grinding the entire Metro Vancouver development industry to a halt. Raising water DCCs in this financial landscape is like pouring water onto an already sinking pro forma. At a time when Metro Vancouver urgently needs increased housing supply, these DCCs effectively capsize any chance for new development. The driving force behind the water DCC increase is the planned $2 billion Goldstream Water Filtration Plant. Yet, numerous engineering assessments indicate that Metro Vancouver’s water quality already meets high standards, even under extreme conditions like wildfires and droughts. This raises serious questions about whether a project of this magnitude is necessary or if alternative, more cost-effective solutions exist. Alternative measures, such as enhanced watershed forest management, could address water quality concerns more affordably and efficiently. We strongly urge Metro Vancouver Regional District to commission further studies to assess the true necessity of the filtration plant and to explore alternatives, including decentralized

	filtration solutions and targeted fire risk mitigation. Such a study would cost a fraction of the proposed investment and could prevent placing an unmanageable financial burden on new housing projects. We understand that there are limitations in funding mechanisms for new water infrastructure. But the "growth paying for growth" model that underpins these charges, has proven unsustainable in today's climate. As costs compound with each new project, they push housing further out of reach, ultimately limiting the very growth this model intends to support. Rethinking how we fund essential infrastructure — including securing provincial support or alternative financing solutions — is critical if we are to sustain Metro Vancouver's future affordable housing needs and economic viability. If upgrades are truly needed, we advocate for alternative funding models, including provincial support. Without this due diligence, these proposed DCCs not only sink development prospects but also jeopardize Metro Vancouver's affordable housing goals and long-term community well-being. Thank you for your urgent attention to these critical issues.
Anonymous 11/06/2024 01:02 PM	I strongly support the CRD financing water supply expansion and improvements from Development Cost Charges. New owners and renters should pay for the additional water works needed to furnish their water.
Anonymous 11/07/2024 09:52 AM	I am opposed to the notion of spending vast sums to acquire new and expanded water supply infrastructure. Instead, I encourage the CRD to foster a culture of reduced usage and, if necessary, increased water rates to discourage unsustainable increasing consumption.
Anonymous 11/08/2024 10:42 AM	I think developers should help shoulder the cost of increased infrastructure due to increased housing developments , and the increased demand for water and sewerage needs.I also think that the provincial government should help pay for the upgrades needed to infrastructure because of their demand that these developments go ahead with no funding to help municipalities deal with the needed expansion costs necessary to cope with the increased population.
Anonymous 11/08/2024 10:55 AM	I strongly support the CRD Regional Water Supply Development Cost Charge Program to ensure the CRD can meet its many other financial responsibilities such as climate mitigation and preserving the forests in our parks. Provincial housing bills 44 and 47 have forced a rapid unforeseen increase in density, beyond what the Regional Growth Strategy and The Capital Regional District (CRD) Regional Water Supply Master Plan envisioned. • This DCC is necessary to meet the

challenge. I agree with the Vancouver Island Health assessment: Growth will force the region's reliance of the questionable water quality from the Leech supply area, thus requiring a costly filtration method for water quality. • The neighbouring Juan De Fuca Water Supply District Water DCC bylaw has had a positive impact on relevant new infrastructure for a variety of land use categories. • This bylaw is consistent with other municipality DCCs required for roads, transportation, sewers, recreation etc. • Without this DCC, the CRD will have to substantially increase its CRD burden on residents for 30 years. The estimated two billion dollars needed to ensure a continued safe reliable supply of drinking water needs this DCC otherwise housing and the cost of living in the region will greatly increase. • The region's rapid growth is occurring during a global climate crisis, weather patterns are changing while the risks of forest fires, and greater likelihood of supply risks and poor water quality are increasing. • Considering Figure 2(DCC Projects Map) and the categories of projects, this bylaw is necessary to ensure these are accomplished as and when needed as the region grows. Table 8 and 9 of DCC calculations shows an equitable rate distribution for land use categories over a 30 year horizon. • We feel there was sufficient time and effort made for meaningful consultation throughout 2024. • Please implement an equivalent development cost charge for waste water infrastructure.

Anonymous
11/08/2024 01:40 PM

If this is intended to be a public-facing resource in any way, PLEASE include the basic explanation much earlier in the report of what DCCs are and why CRD needs a bylaw for them. As a regular person, I don't know what DCC's are, so especially when asked to provide feedback on them, I was searching for a succinct summary of what they are, why CRD needs a bylaw for them, and how they affect my life and the city's operations. That needs to be made clear ASAP rather than hidden in the body of the report, even if the definition is still fairly early in the report body. I don't know enough about municipal budgets and cost of infrastructure to have an opinion on the cost structure, but generally it makes sense to have a system in place to help cities afford to grow their infrastructure besides relying solely on taxpayers. And having a bylaw in place to just officially write out the terms of a DCC system makes sense too so that everything can be consistent, predictable, and enforceable for developers and the city. If we're already operating with a DCC system, it seems reasonable to enact a bylaw to reinforce its use.

Anonymous
11/08/2024 02:48 PM

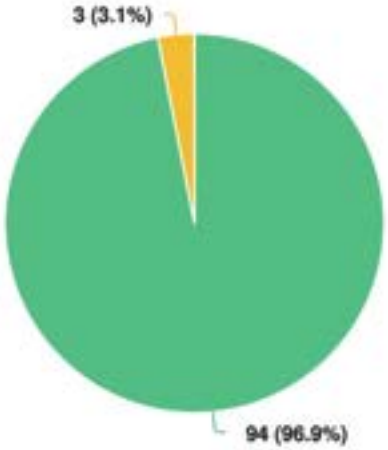
The backgrounder report is comprehensive, objective and makes an excellent business case for the Water DCC to ensure the continuation of safe, reliable drinking water over the next 30 years. DCCs are a matter of doing business. These bring consistency and assurance to

	developers, ability to pay for planned infrastructure, and fairness to existing residents. The report makes it clear that without the DCC, CRD taxes would dramatically increase, thus threatening our housing affordability. We don't want to be like Greater Vancouver who are facing average of 25% increase for regional services today. This DCC should have begun decades ago when the JDF Water Commission had the foresight to do theirs. What's difference now is that global climate crisis and water uncertainty / contamination. As well, the provincial housing requirements (Bills 46 and 47) and its unexpected adverse impacts on services. Tables 8 and 9 show how the Water DCC can provide a cost effective, equitable and orderly upgrade to our drinking water needs. Lastly, as shown with the backgrounder report, there has been adequate time and effort towards meaningful and broad consultation on this matter. Please implement the DCC with a 1% municipal assist factor without delay. Thank you.
Anonymous 11/08/2024 03:43 PM	I strongly support the CRD Regional Water Supply Development Cost Charge Program to ensure the CRD can meet its many other financial responsibilities such as climate mitigation and preserving the forests in our parks, and to ensure all projects are completed as needed. I appreciate the various opportunities to consult and also the care that has been taken to develop an equitable rate distribution for land use categories over thirty years. The estimated two billion dollars needed to ensure a continued safe reliable supply of drinking water needs this DCC otherwise housing and the cost of living in the region will greatly increase. This bylaw is consistent with other municipality DCCs required for roads, transportation, sewers, recreation etc. The neighbouring Juan De Fuca Water Supply District Water DCC bylaw has had a positive impact on relevant new infrastructure for a variety of land use categories. I agree with the Vancouver Island Health assessment: Growth will force the region's reliance of the questionable water quality from the Leech supply area, thus requiring a costly filtration method for water quality. Finally, Provincial housing bills 44 and 47 have forced a rapid unforeseen increase in density, beyond what the Regional Growth Strategy and The Capital Regional District (CRD) Regional Water Supply Master Plan envisioned. The rapid growth is occurring during a global climate crisis, weather patterns are changing while the risks of forest fires, and greater likelihood of supply risks and poor water quality are increasing. This DCC is necessary to meet the challenge. One request - please consider implementing an equivalent development cost charge for waste water infrastructure. Thank you
Anonymous 11/09/2024 06:33 PM	Great idea !

Anonymous 11/09/2024 06:39 PM	Developers should pay for infrastructure upgrades as part of their costs. It is unfair to continue to squeeze residents in established communities to continue to pay for growth.

Mandatory Question (97 response(s))
Question type: Essay Question

Q2 By submitting this form, you are providing the CRD with your expressed, written consent to share comments as written as par...



Question options

Yes, I agree No, I disagree

Mandatory Question (97 response(s))
Question type: Radio Button Question

October 28, 2024

BY EMAIL: aafraser@crd.bc.ca

Alicia Fraser
General Manager, Integrated Water Services
Capital Regional District

Dear Alicia Fraser:

RE: Development Community Response to CRD Response to Development Community Questions, File: 0510-20, Developer Engagement, RWS DCC

Thank you for the September 10th, 2024, in-person meeting and the Capital Regional District's (CRD) subsequent written responses dated September 16th, 2024 (included as Appendix 2) to the questions outlined in our development industry group letter for the meeting. Our detailed feedback on the CRD's response is included in Appendix 1.

We have summarized and made recommendations on our group's position on three core issues: Technical Assumptions, Rate Determination and Development Cost Charge (DCC) Applicable Works, and Public Consultation.

I. Technical Assumptions

Certain technical assumptions underpinning the CRD's Regional Water Supply's (RWS) capital expenditure plan originating from the 2022 Water Supply Master Plan (WSMP), particularly those related to projected growth in water consumption, are in our opinion flawed and do not reflect readily available data.

Historical trends indicate a lower rate of demand growth than what the 2022 WSMP assumes, and future projections should be reduced further from historical trends given the high confidence that multi-family housing will become the dominant form of new development moving forward. Additionally, as noted on page 65 of the 2022 WSMP, there is significant potential for water

conservation measures to defer these capital expenditures meaningfully.

These overly conservative assumptions have resulted in a multi-billion-dollar capital expenditure program over the next 30 years that will lead to increased residential water rates for all residents (current and future) and a substantial DCC that will directly affect housing supply and costs.

Recommendation #1
We recommend that the CRD:

- **Complete a more robust water demand analysis, including:**

    - Acknowledging that the 2022 WSMP demand growth assumptions are not reflective of historical and present trends and do not account for any future water conservation (demand management) measures. This is despite the 2022 WSMP itself which notes on Page 65 that "modest and achievable reductions in demand (e.g., 300 L/c/d from the current demand of 337 L/c/d) will significantly extend the life of the Sooke Lake Reservoir beyond the 2050 planning horizon." Furthermore, the assumptions in the 2022 WSMP do not align with the CRD's water demand data, which shows that water consumption in new multi-family housing—now the predominant form of new construction—is significantly lower than the historical averages of older, less efficient single-family homes; and,

    - Re-evaluating the timing of required capital expenditures once more accurate water demand growth assumptions are established. It is likely that many proposed capital expenditures would not be necessary within the 30-year planning horizon and should not be deemed DCC-eligible at this time.

II. DCC Rate Determination and DCC Applicable Works

The DCC rate determination is based on an oversimplified 35% 'allocation to population growth' methodology when the Province of British Columbia's (the Province) *DCC Best Practices Guide* and the principle of equity dictate that it should instead reflect the actual incremental cost of the added capacity. The result is a proposed DCC that is not equitable because it will fund more than its fair share of the resulting system capacity, consequently increasing housing costs and reducing housing starts in a crisis housing market that is already unaffordable and under-supplied.

Our development industry associations oppose the current simplistic and unreasonable cost allocation. The CRD's consultant was not tasked with determining the actual incremental costs, leading to the unfair and unreasonable conclusion that development should cover 35% of the capital works costs when the true allocation to development is significantly lower.

Per the *Local Government Act* s.564 (4) In setting development cost charges, a local government must consider the following:

> (f) whether the charges will, in the municipality or regional district,
> (i) deter development,
> (ii) discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land, or

Given that these DCCs will both deter development and discourage the construction of reasonably priced housing, we are asserting that the proposed DCC is not compliant with the *Local Government Act* s.564 (f) as a result of an inappropriate methodology used in calculating the DCC.

We urge CRD to revise the proposed DCC to reflect the appropriate incremental cost method recommended by the Province's *DCC Best Practices Guide*.

The CRD has confirmed in a letter to our industry associations that it has not undertaken any analysis concerning the impact of the proposed DCC on the supply or cost impacts on housing. This is despite the Local Government Act requirement to do so, and on this basis, we believe that the CRD has not met an acceptable standard of care required to proceed with the DCC. We urge the CRD to analyze the proposed DCC's impact on housing before proceeding with the DCC.

Recommendation #2

We recommend that the CRD:

- **Revise the proposed DCC to reflect the actual incremental costs that development will impose on the required works and calculate these costs using the appropriate incremental cost method recommended by the Province's *DCC Best Practices Guide*; and, consider a phase-in period of the final DCC consisting of a generous "in-stream-protection" provision, and a two-year, two-stage implementation.**

Water Filtration Plant

Further to the methodology, the proposed DCC includes specific components that may not be eligible for DCCs and should not be included. Specifically, the CRD should demonstrate a well-constructed rationale relying on arms length peer review (not conducted by the same consultant that wrote the WSMP) for why the filtration plant is needed. Kelowna, whose water supply is Lake Okanagan, deals with severe wildfire instances annually and has heavy recreational use of the lake, which is its water supply. Despite this annual severe fire activity and extensive public access to and use of the water supply for recreation, Kelowna has exceeded all water quality criteria the Ministry of Health applies, without filtration.

Greater Victoria's water supply benefits from a coastal climate and does not have public use of its watershed impacting water quality and fire probability. The lack of public access ensures that it does not have the same fire frequency or severity risks. As Regional Water Supply Commission (RWSC) Chair Baird indicated, the RWSC may make political decisions regarding the construction of infrastructure projects. We assert that when such projects involve costs in the range of hundreds of millions to as much as one billion dollars, their impact on supply and housing costs becomes significant, warranting consideration of the *Local Government Act* s.564(4)(f). There should be a substantial burden of demonstrating a scientifically supported and thoroughly documented third-party peer review of the proposed capital plan, accompanied by best-in-class public and stakeholder engagement throughout the planning process. The RWMP does neither provide such a rationale at this time nor explain what this filtration plant would be doing if built, considering that the water quality is presently exceeding all health and aesthetic criteria.

Kapoor Tunnel

It is not well understood how the CRD would commit to spending over $350 million on a bypass without first assessing the likelihood and failure mechanism of a tunnel in bedrock. The CRD has built-in redundancy for emergencies with the Goldstream Reservoirs which can provide at least two months supply capacity, likely sufficient capacity unless there is a catastrophic failure of the Kapoor Tunnel. Investing a small amount in a risk assessment of the tunnel could defer construction of the bypass, which could potentially sit idle for decades.

The CRD has also repeatedly told our industry associations that it will not revisit any assumptions in the 2022 WSMP until the next review cycle for the DCC in approximately five years. However, it has now stated that it intends to proceed with this project. Presumably, it would need to amend the

2022 WSMP to add this Kapoor Tunnel redundant line.

The CRD should not be able to re-allocate proposed DCC funds to pay for works not included in the 2022 WSMP, so it's unclear to our associations how it could proceed without a) any geotechnical studies completed, b) provision for the tunnel in the WSMP, or c) capital budget allocated for the project.

Recommendation #3
We recommend that the CRD:

- **Demonstrate the rationale behind its unilateral decision that filtration is required, particularly given the reliance on unsubstantiated qualitative arguments without a technical basis or meaningful third-party review of the plan and alternative options; and, complete seismic studies of the Kapoor Tunnel, along with an analysis of engineering options and solutions, before committing ratepayers and new homeowners to the significant costs associated with this capital project, which has suddenly become a priority but lacks the typical justification accompanying large-scale regional infrastructure expenditures.**

III. Public Consultation

The public consultation, including with First Nations, by the CRD for the 2022 WSMP was minimal and inadequate considering the scale and scope of the proposed capital expenditure. The consultation was not reflective of the *Local Government Act's* appropriate level of public engagement best practices. The CRD is accountable to its member municipalities, water users, and the development industry, as it plans to impose substantial new charges that could significantly increase residential water bills and further increase housing costs amid a housing crisis.

As outlined in our questions to the CRD for the September 10th, 2024, meeting, the 2022 WSMP did not meet an adequate standard of public engagement. This 290-page technical document is complex, making it difficult for the public and municipal politicians to understand and critically evaluate without extensive explanation and dialogue—conditions that were not ideal given the limited engagement conducted during the COVID-19 pandemic. The CRD's efforts resulted in only 22 written comments, reflecting a clear failure to engage the public meaningfully, despite the significant impacts of this program.

The final 2022 WSMP was rushed through during the final days of the political term, with former Councillor Ben Issit requesting a deferral to give commissioners adequate time to review the report—a motion that was denied. The 2022 WSMP was adopted without full board attendance, and two-thirds of those Board members are no longer serving. The CRD now states that public consultation is closed and will not consider further engagement on the 2022 WSMP. It is difficult to understand how a regional government with substantial resources, including dedicated communications and planning professionals on staff, and significant consulting resources at its disposal has conducted such inadequate engagement.

The scale and cost of the proposed works, along with the significant water rate increases for the public, have been obscured due to inadequate consultation. A program of this magnitude requires a robust education initiative, including in-person and digital engagement. The public has not been given the opportunity to understand that this program will lead to substantial increases in their

water bills and property taxes due to municipal water consumption.

Recommendation #4
We recommend that the CRD:

- **Conduct a comprehensive public engagement on the 2022 WSMP to thoroughly educate the public about the plan and its impact on bulk and retail water rates.**

In conclusion, we strongly urge the CRD to actively consider our collective recommendations to safeguard the sustainability and equity of water supply planning in our region, particularly in the face of our escalating housing crisis.

Yours sincerely,

Ben Mycroft
Chair
Urban Development Institute Capital Region

On behalf of: Canadian Home Builders' Association Vancouver Island
Sooke Builders Association
Vancouver Island Construction Association
Victoria Residential Builders Association
West Shore Developers Association

Attachments: (3)
Appendix 1: Development Industry Group Feedback to CRD's Response to Questions
Appendix 2: Capital Regional District Response to Development Community Questions
Appendix 3: Demand Statistics

cc: Ted Robbins, Chief Administrative Officer, Capital Regional District
Nelson Chan, Chief Financial Officer, Capital Regional District
The Honourable Sean Fraser, Minister of Housing, Infrastructure and Communities
The Honourable Anne Kang, Minister of Municipal Affairs
The Honourable Ravi Kahlon, Minister of Housing
MLA Ravi Parmar, Langford-Juan de Fuca
MLA John Rustad, Nechako Lakes

Development Industry Group Feedback to CRD's Response to Questions

Question 1. Disclosing Foundational Data

Will the CRD release the Urban Systems Ltd. Reports on which the DCCs are based, in accordance with the Province's Development Cost Charge Best Practices Guide and allow adequate time for stakeholder analysis prior to proceeding with implementation of the DCC? If not, why not?

Thank you for providing the document entitled *Capital Regional District, Regional Water Supply Service Development Cost Charge Background Report, Draft, September 2024* through the CRD's website and notification of the posting to many of our industry groups. This report does not provide any new information and simply confirms that the CRD utilized a method not preferred by the Province's *DCC Best Practices Guide*: using conceptual-level budgetary estimates of the cost of the proposed works and simply multiplying them all by a minimum of 35%.

Our industry associations had assumed that there were more rigorous and detailed calculations made in determining the DCCs. Further to the original letter, using a simplistic 35% allocation to growth is not reasonable, and should instead be based on the actual incremental cost increase of the infrastructure caused by growth. Given the massive, proposed capital expenditure there should be a reasonable burden of proof placed upon the CRD to demonstrate that the cost allocation is reasonable and does not unnecessarily burden the cost of new development, as is required by the Local Government Act S. 564(4)(f).

It is concerning to our associations that the largest capital expenditure program in Greater Victoria's history, and the accompanying large new DCC on new housing is being applied at a time when the economics of the housing industry have deteriorated to such a state that housing starts are demonstrably weak and trending downward. This will occur while the Province and most Greater Victoria municipalities are simultaneously attempting to increase housing starts. Using this simplistic approach is not reasonable, equitable, or appropriate and we are asking the CRD to ask Urban Systems to take the time required to determine equitable incremental costs.

Question 2. How does the CRD reconcile the Best Practices Guide with the Statements Made by the General Manager?

The statement that "The DCCs don't commit the CRD to building every single specific project. Rather, they're a long funding tool to ensure that there is funding being put into reserves for that infrastructure to be created when it's needed," when contrasted with the *DCC Best Practices Guide* statement that "certainty should be built into the DCC process, both in terms of stable charges and orderly construction of infrastructure" remain of concern to our associations.

Our industry associations are familiar with DCC programs at work in municipalities across Greater Victoria. They are generally based on reasonably accurate cost estimates for specific capital works projects. We remain concerned with the perspective of the CRD that development should start filling up a large capital reserve fund that could be used for whatever the CRD decides it needs to spend it on later. This is during a housing supply and affordability crisis that this DCC will exacerbate. Kapoor Tunnel at $350 million is one such item that the CRD appears intent on simply proceeding with which is not costed into the 2022 WSMP.

The CRD response includes a suggestion that currently, existing users unfairly pay for works that also benefit new development and that this proposed DCC would correct that. Under the current rate model all users: both existing and new residents added through growth/development, pay for all

infrastructure through the wholesale water rate. The current system of water user fees paying for capital costs is reasonable and in fact ensures that all residents equitably pay for the cost of system improvements. New water users do in fact pay equitably for system expansion under the current system.

Question 3. Water Demand Growth Rate Assumptions

The CRD response does not directly address the question asked. The original question was:

Why has the CRD forecasted compound growth in water demand when no data suggests that is a reasonable assumption? Will the CRD analyse current water use trends based on available retail billing data to establish a statistically valid rate of growth in water demand?

What the industry requests is that the CRD and its consultant team re-evaluate the over-simplified and excessively cautious assumption in the 2022 WSMP that "no further reductions in total per capita demand are expected in the future below the average observed over the period of 2010 to 2019" (pg. 61, 2022 WSMP). As discussed at the in-person meeting on September 10th, 2024, the CRD and its member municipalities have detailed water consumption data by housing type. Given the fact that new housing typologies moving forward will be predominantly higher density apartment and townhome format, and the impact to the cost of housing, the CRD cannot use conservative assumptions that incorrectly overstate the rate of future demand growth when the resulting impact to water usage and DCC rates are so heavily influenced by the outcome.

Whereas the 2022 WSMP assumes water demand and population will grow indefinitely at a 1-to-1 ratio (i.e. due to no future changes in per capita demand rates), our review of publicly available data, including the CRD's Demand Statistics summary (included as Appendix 3), demonstrates that total water demand is not growing in lockstep with population. For example, the CRD's own data shows that, between 2014 and 2019, Total Supply increased by 3% while the Service Population increased by 9% (a ratio of 0.3-to-1); and between 2014 and 2023, Total Supply increased by 10% while Service Population increased by 17% (a ratio of 0.6-to-1). The CRD's data similarly shows that, between 2014 and 2023, water supplied to single-family homes increased by 11%, while water supplied to condos increased by 42%, reflecting the already-emerging shift in regional housing typologies. Given the nature of long-term projections, incorrect rates of demand and growth result in the inclusion of capital works into the DCC which may not be required during the 30-year project horizon.

Page 65 of the 2022 WSMP states: 'Modest and achievable reductions in demand, (e.g., 300 L/c/d from the current demand of 337 L/c/d) will go a long way to extending the life of the Sooke Lake Reservoir beyond the 2050 planning horizon.' (A 10% reduction was considered 'modest' in the Master Plan). The 'only 14% difference' (51 litres per person per day!) noted by CRD in their response to our original letter, between Westhills and the Regional average day demand, is sufficient to significantly extend the life of the Sooke Lake Reservoir beyond 2050.

The "only 14% difference" comment also ignores all of the qualifying subtext that was provided alongside the Westhills data. Winter Day Demand (WDD) is, in many ways, a more relevant comparative metric, because it strips away the unusually high and temporary current outdoor water usage at Westhills (due to it being an active new development site) and instead focuses on indoor water use only. The WDD comparison shows 38% less water used in new construction at Westhills compared to the CRD figure.

The 2022 WSMP assumes effectively no reduction in per capita water demand despite:

- A historically successful water demand management program and a population that is responsive to conservation and demand management measures.
- Significant opportunities for reduction in discretionary outdoor water use in Greater Victoria where summer outdoor water consumption is high relative to other comparable or larger urban

regions in North America.
- The predominance of new growth is high-density housing formats favouring apartments and townhomes while replacing older and less dense single-family housing and its accompanying high outdoor water consumption rates.
- Forthcoming higher bulk water rates, and resulting higher retail water rates will result in reduced discretionary consumption.

Question 4. Water Demand Growth Rate Assumptions

CRD seems to acknowledge that price elasticity of demand, (the fact that people will use less of a thing when the price of the thing increases), is something that should have been done previously in the master plan. It is not acceptable to our industry that all housing in the region should pay the DCC for five years before this basic resource management principle is incorporated into a future WSMP update. As a first step, the CRD could pose a simple survey question to the public along the lines of: "If the CRD's wholesale water rate increases by 300%, how likely would you be to use less (conserve) water?"

The response that the DCC cannot address this is not accurate, since this should be reflected in the base 2022 WSMP demand growth forecasts which are overly conservative.

Question 5. Public, First Nations, and Developer Consultation

Public Engagement
The CRD's consultation on the largest capital expenditure program in the history of Greater Victoria remains one of the weakest governmental or public agency engagement processes conducted in recent memory. Last minute, after the fact efforts to generate the appearance of consultation are not adequate. Well-advertised and meaningful public, in-person engagement is required.

As identified in the CRD's response to our question, the entire foundation of the 2022 WSMP, upon which the DCC was based, was the posting of complex and voluminous engineering documents to the CRD Water website, resulting in the collection of 22 written responses. All done at the height of the COVID-19 pandemic when the public was not aware of this process in any meaningful way, as they were rightfully focused on the public health emergency facing the world. All subsequent requests by our industry associations, and by the public asking for actual in-person consultation on these documents have resulted in being told that the consultation process is closed and not open for discussion. As a result, the entire foundation of the DCC program rests on a document calling for multi-billion-dollar spending but lacking an acceptable level of public or third-party review. User fee increases have not been adequately conveyed to the general public and more must be done to engage in meaningful, in-person dialogue.

Concerning the DCC program itself, the CRD has not addressed in any substantive way the points made by our letter. The *Development Cost Charge Background Report* further reinforces this: 45 participants is not an accurate cross-section of payees (both users and developers). A limited Zoom session where comments are neither permitted nor recorded and where only the questions that the CRD determined they wanted to answer were recorded into the public record. The CRD Board should look into how this "consultation" was conducted as it can rightly be described as manipulative and creating a false and incomplete record of public engagement. At a minimum, it must be redone using multiple in-person engagement events.

As the CRD Board Chair Colin Plant's own municipal council is actively doing significant engagement work on many crucial public planning processes, so too must the CRD do for this massive new capital spending program and unaffordable DCC which will have serious impacts to housing starts, and housing affordability in this region. The Ministry of Transportation does a good job of engagement on much less significant highway improvement projects. The development industry is held to an even higher standard for individual housing projects, both large and small, and is expected by all local

government levels including in the CRD governed Electoral Areas to demonstrate a far more rigorous and extensive public engagement process than the CRD has applied to itself for this massive capital expenditure program. The CRD has a communications function, as well as a planning department, and through its past experience and connections throughout the local government consulting landscape, would have access to and experience with consultation through the sewage treatment plant approval process, but has not been able to achieve relative to other local public entities at public engagement.

First Nations Engagement

When the Sooke Dam was raised, the CRD negotiated a water-sharing agreement with the T'Sou-ke First Nation, the Federal Government, and the Province. As part of the agreement, the license to Deception Reservoir was changed from Waterworks to Conservation, and the Sooke Dam was raised 6 metres instead of the previously approved five metres to provide capacity for releases for the Sooke River salmon fishery. The 2022 WSMP contemplates the use of Deception Reservoir for 'Waterworks' purposes without reference to the T'Sou-ke rights to the Sooke River fishery.

The 2022 WSMP does not address the implications of raising the water level in Deception Reservoir given leakage under the dam. Sealing the leak was previously considered but due to the high-cost estimate and lack of a guarantee that the leak would be sealed, the spillway crest was set at an elevation considered to provide minimal risk to the integrity of the dam. Raising the water level could cause the leakage to increase and potentially risk the dam failing. Not being able to use the Deception Reservoir as anticipated has implications for the implementation of the 2022 WSMP.

Question 6. DCC Capital Works Allocations to New Growth are Not Consistent with DCC Best Practices. Benefit Allocation to New Growth is Not Correct.

The CRD has taken the approach of allocating cost benefits based on 'service population' but has not been able to justify this approach. This approach, while simple to calculate, does not equitably allocate costs and has the effect of unjustly allocating costs to development. The CRD justifies this method because only a 'planning level of engineering analysis is available', implying that this level of analysis is insufficient to allocate costs based on 'technical data and good engineering judgment'. It is concerning that the CRD has no problem using a 'planning level' of engineering analysis to develop a $2 billion infrastructure program budget, which results in immediate and impactful DCCs that have a drastic and immediate impact on the cost of housing. A more equitable allocation of costs on the benefiter pay principle, and using more than 'planning level' design and costing information is justified and must be done.

An example is the cost of installing a pipe. While the capacity of a pipe increases by the square of the radius, the cost to install does not. Allocating 35% based on a 'rule of thumb' is inappropriate when technical information is available to allocate based on marginal cost. Similarly, a water filtration plant would likely only require some slightly upsized inlet and outlet sizes, and slightly upsized components to support future development which would not increase the cost of the plant by 35%, and yet this is the approach selected by the CRD and its consultant.

Question 7. DCC Capital Works Allocations to New Growth are Not Consistent with DCC Best Practices. Benefit Allocation to New Growth is Not Correct.

Question 7 was mutually determined by CRD and the industry associations to be substantially the same as prior questions and can be ignored.

Question 8. Kapoor Tunnel Redundancy

The 2022 WSMP does not include a redundant bypass for the Kapoor Tunnel, and the total capital cost does not budget for it. Yet as the Water Commission Chair Baird noted in our meeting on September 10th, 2024, the decision to bypass the Kapoor Tunnel is a political decision not based on an assessment of its failure risk and failure mechanism. The CRD's response to our letter clearly states that this tunnel replacement is needed within the 30-year DCC horizon.

The 2022 WSMP clearly states that there is adequate capacity in the Kapoor Tunnel long past the DCC horizon:

> *Master Plan Section 9.6.1 Kapoor Tunnel*
> *The Kapoor Tunnel is a critical conveyance infrastructure for the RWS. The CRD has done a good job in managing this asset and completing maintenance repairs. The tunnel has sufficient hydraulic capacity to convey projected demands to near the year 2100. The CRD should continue with condition assessment inspections of the tunnel to manage this critical asset.*
>
> *There is no redundancy for the Kapoor Tunnel. Based on inspections and maintenance completed by the CRD and others, the tunnel is in good condition; however, due to the tunnel proximity to the Leech River Valley fault, a seismic evaluation of the tunnel should be completed. Further detailed seismic assessment is warranted to identify if there are any significant vulnerabilities. It is noted that the Kapoor Tunnel has the hydraulic capacity to supply demands to the year 2100, so provided it is maintained and seismically stable, additional capital investment on a second conveyance system from SLR can be deferred for many years. Other considerations such as emergency water supply may warrant construction of a second transmission main earlier, but this transmission main can likely be sized for an emergency level of service flow (ADD) to reduce capital costs.* [emphasis added]

It is inconceivable that the CRD would commit to spending over $350 million on a bypass without first assessing the likelihood and failure mechanism of a tunnel in bedrock. The CRD already has built in redundancy for emergencies with the Goldstream Reservoirs which can provide at least 2 months supply capacity, likely sufficient capacity unless there is a catastrophic failure of the Kapoor Tunnel. Investing a small amount in a risk assessment of the tunnel could defer construction of the bypass, which could potentially sit idle for decades.

The CRD has also repeatedly told our industry associations that it will not revisit any assumptions in the 2022 WSMP until the next review cycle for the DCC in approximately five years. However, it has now stated that it intends to proceed with this project. Presumably, it would need to amend the 2022 WSMP to add this Kapoor Tunnel redundant line.

The CRD should not be able to re-allocate proposed DCC funds to pay for works not included in the 2022 WSMP and it should not be legal or acceptable to attempt to do so.

Question 9. Impacts on New Housing Cost and Supply

The CRD has responded that it does not intend to conduct any kind of feasibility analysis into the impact on the supply or cost of housing resulting from the proposed DCC.

> Local Government Act s.564 (4) In setting development cost charges, a local government must take the following into consideration:
>
> (f)whether the charges will, in the municipality or regional district,
> (i)deter development,
> (ii)discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land, or…

Supplementary Comments Regarding Water Filtration

The CRD should provide a detailed and researched rationale for why the filtration plant is needed. Can the CRD provide the background research that went into this decision? It does not appear that any public research of rationale has been provided.

Currently, the water quality is extremely good and will be better at the deep intake. The CRD frequently references the risk of wildfire as a reason for the water filtration plant and has recently referenced the Old Man Lake fire as further reason that such a fire is possible. Despite the fire's remote location and difficult terrain, the fire was held to 230 hectares because of the quick response of firefighters. A fire of this magnitude in the water supply lands would have a negligible impact on water quality. While on the surface this may be interpreted as a reasonable assumption, the experience of other jurisdictions such as Kelowna does not support the conclusion.

Kelowna whose water supply is Lake Okanagan, deals with severe wildfire instances on an annual basis and has heavy recreational use of its water supply. Despite this annual severe fire activity, and extensive public access to and use of the water supply for recreation, Kelowna has exceeded all water quality criteria applied by the Ministry of Health and its water supply remains unfiltered.

Given that Greater Victoria's water supply does not have any public use of its watershed and has a significantly reduced wildfire fire risk as a result of our coastal climate and the lack of public access, the CRD must demonstrate why they have unilaterally decided that filtration is required as the reasons provided to date do not stand up to even cursory scrutiny. The 2022 WSMP does not provide a clear rationale or outline the intended function of the proposed filtration plant, particularly given that the current water quality exceeds all health and aesthetic criteria. Constructing such a facility—entailing significant capital costs, high operational expenses, and substantial greenhouse gas emissions—would be questionable if it is likely to remain idle or underutilized, placing an undue financial burden on ratepayers and new homeowners.

As RWSC Chair Baird noted, the RWSC may make political decisions regarding the construction of infrastructure projects. We assert that when such projects involve costs in the range of hundreds of millions to as much as one billion dollars, their impact on supply and housing costs becomes significant, warranting consideration of the *Local Government Act* s.564(4)(f). There should be a substantial burden of demonstrating a scientifically supported and thoroughly documented third-party peer review of the proposed capital plan, accompanied by best-in-class public and stakeholder engagement throughout the planning process.

<<END>>

Making a difference...together

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September 16, 2024

File: 0510-20
Developer Engagement, RWS DCC

BY EMAIL: bmycroft@gablecraft.ca

Ben Mycroft
Chair of the Urban Development Institute Capital Region

Dear Mr. Mycroft:

RE: CAPITAL REGIONAL DISTRICT RESPONSE TO DEVELOPMENT COMMUNITY QUESTIONS

Thank you for your questions and the follow up meeting with the Capital Regional District (CRD) on September 10, 2024. We appreciate the time you have spent detailing your concerns and further expanding on them in the meeting. The following is a written summary of the verbal responses provided in the meeting, and where possible, we have expanded on those responses below.

Disclosing Foundational Data

1. Will the CRD release the Urban Systems Ltd. reports on which the Development Cost Charges (DCC) are based, in accordance with the Province's Development Cost Charge Best Practices Guide and allow adequate time for stakeholder analysis prior to proceeding with implementation of the DCC? If not, why not?

    - Key program inputs, including details regarding the DCC project list, benefit allocations and municipal assist factor have been provided as part of the stakeholder engagement process in presentations and as well on the CRD's Get Involved page – Proposed Regional Water Supply Development Cost Charge Program | Get Involved CRD.
    - Yes, we will publicly release the Urban Systems Draft DCC Background Report and related documents prior to the Bylaw receiving three readings and within the package submitted to the Ministry of Municipal Affairs.
    - The CRD is in the process of compiling a DCC Background Report and will provide a draft version to the Regional Water Supply Commission (the commission) in September. Following the commission meeting, the report will be posted online on the CRD Get Involved page. This report will provide further details requested on the rationale for the project cost apportionment.

2. How does the CRD reconcile the DCC Best Practices Guide with the statements made by the General Manager?

    - The statement refers to changes in budgets due to refined scopes and cost estimates. It has been noted that these projects (as identified in the Master Plan) are at a conceptual level and as designs progress, the project scopes will be refined based innovations over time and input from interested parties. If there are opportunities to do so, projects may also be realigned as long as the same goals are achieved.
    - Regularly completing minor or major updates to DCC programs are encouraged in the DCC Best Practices Guide to capture changes in costs, grants received, inflation, and other factors. The CRD has committed to regular updates of all its DCC programs.
    - Projects identified in the DCC program have been outlined in the Master Plan and/or the five-year capital plan. These projects benefit future users by ensuring both capacity and quality of the water supply and are therefore eligible for DCC funding based on provincial requirements outlined in the DCC Best Practices Guide and in alignment with the 'benefiter pay' principle.
    - To date, existing users have been paying for works that also benefit new development and will continue to do so going forward unless a DCC program is introduced.

Water Demand Growth Rate Assumptions

3. Why has the CRD forecasted compound growth in water demand when there is no data which suggests that is a reasonable assumption? Will the CRD analyse current water use trends based on available retail billing data to establish a statistically valid rate of growth in water demand?

    - As noted in the 2022 Master Plan, the total supply-level (all sectors/uses and nonrevenue water) per capita water demand at the time (2020) was 337 litres per capita per day (L/c/d), down from the 2010 to 2019 average of 366 L/c/d. This equates to a total annual demand of 48 million cubic metres per year.
    - It is important to note that total water demand is based on both population and per capita demand, which is also influenced by climate, in that hotter drier years typically have higher per capita demands. The overall water demand is increasing in the Region; the total regional water demand reached its lowest point in 2013, and regional demand has been increasing since. For example, the 2023 total annual water demand was approximately 51 million cubic metres, a roughly 6% increase in total water demand from the 48 million cubic metres seen in 2020. Further, the regional per capita demand has ranged from 337 L/c/d in 2020 to as high as 357 L/c/d in 2021.
    - To ensure the CRD continues to provide a reliable drinking water supply for the current and future supply population, the Master Plan included a conservative estimate of future water reductions and assumed that the per capita demand remains constant at the 10-year average of 366 L/c/d. The DCC Best Practices Guide requires Regional Districts to use current project costs and do not allow for future inflation. The CRD's approach to the per capital demand assumption follows the same principal in that we cannot assume that demand will decrease, however, the per capita demands will be updated every five years based on actuals.

- It is important to note that to plan for the future, we have to aggregate total demand at a regional level for all sectors including commercial, industrial and agricultural. The Westhills Water System is a localized example with limited diversity of land uses, which does not reflect the scale and diversity of the CRD's Regional Water Supply (RWS) system which spans 13 member municipalities and an Electoral Area. As previously stated, the CRD will nevertheless monitor consumption and adjust projections accordingly. To note, there is only a 14% difference between the Westhills average day demand of 315 L/c/d and the Regional average day demand of 366 L/c/d regardless.
- Again, DCC project eligibility is not solely determined based on capacity, but also level of service and who will benefit from the proposed works in alignment with the 'benefiter pays' principle. All these projects are to reduce risk and improve resilience in the RWS System and have been endorsed by the commission. Those elements of the project that provide redundancy and resilience also incorporate additional capacity required to service future population growth. Even with a reduction in per capita consumption, these projects will still be required within the 30-year DCC program window and will benefit future users.
- Though the DCC program will continue to utilize actual average per capita demands for planning purposes, the CRD will review and provide the Regional and Juan de Fuca historic per capita demands per sector in the coming week.

4. How did you calculate the price elasticity of demand in the CRD Master Plan's long-term water models?

- The CRD's approach to demand is to remain conservative and proactive. The CRD cannot undertake long term planning based on unrealized demand reductions to future water consumption and is therefore using the water usage levels identified today as a benchmark for future consumption. This is consistent with the DCC Best Practice Guide regarding project costs.
- The CRD is also committed to regularly updating the Regional Water Supply Master Plan every 5 years (or sooner, depending on need) as part of the Master Plan update. Major and minor updates to the proposed RWS DCC program will reflect price elasticity – project costs can be updated in both a major or minor update. The CRD is aware that many of the projects included on the proposed DCC's project list are still in the conceptual phase and that costing for these projects will be updated as more information is made available and these projects progress towards construction.

Public, First Nations, and Developer Consultation

5. Will the CRD commit to engaging in real, meaningful public consultation with its direct stakeholders, First Nations, and the general public? If not, why not?

- The CRD has remained committed to ensuring that Municipal staff, Councils, the public, and other interested parties are informed at all major stages in the development of the RWS DCC program.

- Engagement opportunities to date have included: 13 municipal staff workshops, 13 municipal Council meetings, 2 Regional Water Supply Commission meetings, 2 virtual information sessions, an online survey, and a project webpage. This level of engagement meets or exceeds the expectations for consultation outlined in the DCC Best Practices Guide.
- Many organizations that historically relied on in-person engagement switched to relying on digital engagement during the pandemic. What we learned in that time was though there are some challenges there are also opportunities with digital engagement.
- Among the opportunities are the ability to reach new audiences and invite participation from residents who would not otherwise join. Virtual sessions do not have geographic/travel constraints, plus a recorded session is available for people who cannot attend at the scheduled time.
- The decision of whether to do engagement solely online or in combination with in-person engagement is specific to each project. Reviewing past open houses for Juan De Fuca DCCs we offered an in-person open house that had minimal participation. Based on this we focused our efforts on reaching a broader range of residents and developers from across the region through digital channels.
- First Nations within the CRD were invited to all virtual information sessions and encouraged to complete the survey. The CRD is having government-to-government conversations with interested First Nations and will continue to work directly with First Nations to answer any questions related to the proposed DCC.
- First Nations reserve lands and other federal lands currently do not pay any DCCs and will not be paying the proposed RWS DCC unless otherwise agreed to. Any development on non-reserve privately held / fee simple lands may be subject to DCCs and other development charges both regionally and locally. There is currently no mechanism in legislation or the DCC Best Practices Guide to exempt non-reserve privately held / fee simple lands owned by First Nations from paying DCCs.
- The transcripts of questions asked during both virtual information sessions, as well as all comments submitted through the survey, will be shared in the Public Engagement Summary. The Public Engagement Summary will be included alongside the Draft DCC Background Report (Background Report) which will be published in the Regional Water Supply Commission September agenda package and will be posted on the CRD Get Involved page.
- We acknowledge the further feedback provided in the meeting regarding the format of the virtual session and will strive to improve the opportunities for two-way dialogue in the future.
- As part of the September DCC Update Report to the Regional Water Supply Commission, staff will recommend the addition of a comment period on the DCC Background Report. The comment period will be opened to all public and interested parties and feedback on the draft Background Report will be incorporated in the public engagement section of the final Background Report with the verbatim comments included in an appendix. The final Background Report will be presented to the commission.

DCC Capital Works Allocations to New Growth are Not Consistent with DCC Best Practices. Benefit Allocation to New Growth is Not Correct.

6. Has the CRD allocated the benefit to development based on capacity or incremental cost? If not incremental cost as the DCC Best Practices Guide recommends, will the CRD and its consultant, Urban Systems Ltd., share the detailed benefit allocation?

    - The Guide also notes in section 6.3 that "service population could also be a way of allocating benefit". This is the approach that the CRD and Urban Systems has taken when determining benefit allocation for projects. As the Guide subsequently notes, "if only a planning level of engineering analysis is available at the time of bylaw development, general ranges of benefit could be assigned based on technical data accompanied by good engineering judgement."
    - As most of the DCC projects identified are expected to benefit both existing development and future growth equally, distributing the costs proportionately based on population was determined to be the most equitable approach and most aligned with the DCC Best Practices Guide and the 'benefiter pay' principle. This is in alignment with the methodologies used in many other municipal DCC programs in British Columbia to apportion DCC costs. The 35% benefit factor used to reflect increase in service population is based on a 30-year equivalent population increase of 185,000 including both residential and non-residential uses.
    - As per Section 6.3 of the DCC Best Practices Guide, the example referred to in the question is one of many possible methodologies for calculating benefit allocation.
    - As also noted in section 6.2 of the DCC Best Practices Guide: "For storm drainage, sanitary, and **water**, new infrastructure systems or extensions into previously unserviced areas clearly have little benefit to existing users. However, for infrastructure components that are well integrated into existing systems, such as an interconnected watermain, allocating benefit may be more difficult. If existing residents are inadequately served by existing utilities, existing users may receive benefit in the form of improved service." Methodology examples 6.2 (Case 1B), 6.3 (Case 1C), 6.4 (Case 2) and 6.5 (Case 3A) of the DCC Best Practices Guide more closely reflect the methodologies used to calculate the benefit allocations for many of the projects identified in the proposed DCC program as they better reflect the anticipated benefit of the identified DCC projects.
    - The implementation of the proposed RWS DCC will ensure that existing residents and future development equitably share the costs included in the DCC program, thereby appropriately balancing any potential increases to the water user rate. It should be noted that DCCs are only covering 36% ($523 million) of the total anticipated project costs ($1.44 billion in 2022 dollars).
    - A detailed description of specific benefit allocations applied is provided in Appendix A.

7. Will the CRD undertake a study to determine the sensitivity of demand to water rate increases substantiate assumptions on growth in water demand with an objective of deferring major capital expenditures. If not, why not?

    - The response to this question was addressed above in question 4.

Kapoor Tunnel Redundancy

8. Given the potential for the bypass to remain unused until 2100 as it is not currently required for capacity, will the CRD commit to undertaking a seismic evaluation prior to proceeding with the bypass, and if the CRD intends to proceed anyway, how does the CRD intend to incorporate the cost into the current DCC, given that the project is not required for growth within the DCC study timeframe (30 years)?

    - This project is to provide redundancy as the Kapoor tunnel is the only feed to 400,000 users and a potential single point of failure. The consequence of the failure of this asset would prevent the delivery of drinking water to customers for a prolonged period, failing to meet our commitments to the residents.
    - The Master Plan projects, including the Jack Lake bypass, are to reduce risk and improve resilience in the Regional Water Supply System and have been endorsed by the Regional Water Supply Commission.
    - These projects will be required within the 30-year DCC program window and will benefit both existing and future users regardless of a seismic analysis. These projects will incorporate the additional capacity needed to service both the existing population and future growth as addressed in question 6.
    - Opportunities for evaluating capacity will continue as the project gets closer to delivery. The CRD has committed to updating the DCC program and the RWS Master Plan every 5 years to account for any changes.
    - Once completed the bypass will also be used to allow regular and consistent maintenance, inspections and repairs of the Kapoor tunnel without being constrained by water quality or quantity concerns with the current back up system (Goldstream Lake).

Impacts to New Housing Cost and Supply

9. Will the CRD commit to undertaking and publicly sharing an economic feasibility analysis to determine what the affects of these new DCCs will have on the future housing supply, prior to taking it forward to the CRD Board for Bylaw consideration?

    - Economic feasibility analyses are not required by the Province for DCC programs; rather, they are a recommendation for Amenity Cost Charge programs.
    - As an economic feasibility study is not required by the Local Government Act or the DCC Best Practices Guide, the vast majority of previously completed DCC programs do not include an economic feasibility analysis. Nevertheless, staff and councils work to ensure that any proposed rates are reasonable and will not deter development.
    - The City of Victoria recently completed an economic feasibility study which showed limited impacts on development viability (1% of projects until 2030) in the City despite DCCs increasing by 2-3 times previously.
    - We have not yet received any direction from the Regional Water Supply Commission or the CRD Board to complete an economic analysis.

- Completing an economic feasibility study for the RWS DCC is likely to be time consuming and costly given the diversity of housing markets, development fees and development timelines of communities within the RWS service area. This work may also not yield any meaningful information as the impact of DCCs is expected to vary across the member municipalities and region.
- Any reduction to the DCC will increase water user rates which will also affect the affordability for all water users, not just developers and home builders.

In closing, we would like to reiterate our thanks for the time you took to bring forward your concerns. We acknowledge the important role that that development industry plays in meeting the needs of the growing communities of the CRD. We also acknowledge the strain that the current economy is putting on your business and projects. We are committed to continuing to seek feedback from this group on the design of the DCC program but are also obligated to the existing rate payers to implement a DCC program. To date, existing users have been paying for works that support new development and will continue to do so unless a DCC program is introduced.

The CRD wants to ensure the 'benefiter pay' principle is upheld, and new developments are contributing to those future projects that benefit those developer project costs going forward. Understanding that a DCC program for this service is required, the Regional Water Supply Commission is respective to considering actionable recommendations from the development community on how this program be designed and implemented.

Yours truly,

Alicia Fraser, P.Eng.
General Manager, Integrated Water Services

Attachments: (3)
Appendix A: DCC Benefit Rationale
Appendix B: DCCs being proposed by the CRD for the 2022 Regional Water Supply Master Plan – Questions
Appendix C: Letter to Chair Plant

cc: Ted Robbins, Chief Administrative Officer, Capital Regional District
Joseph Marr, Senior Manager, Infrastructure Engineering
Caitlyn Vernon, Manager, First Nations Relations
Colin Plant, Chair, CRD Board
Gord Baird, Chair, Regional Water Supply Commission
Shannon Russell, Keycorp

Appendix A: DCC Benefit Rationale

A 100% benefit allocation is used for projects required only to increase system capacity to support new growth. Projects assigned this benefit allocation include the Leech Watershed, which is required to develop a new water supply source. This is required only if future growth occurs, which is aligned with the methodology outlined in Example 6.1 (Case 1A) in section 6.3 of the DCC Best Practices Guide.

Item	Project	Cost Estimate A	DCC Benefit Factor B	Benefit to New Development A x B
LEECH WATERSHED				
W4	Leech River Diversion			
W5	Sooke Lake Saddle Dam Hydraulic Improvements and Studies			
W6	Leech River Watershed Restoration, Mapping and Studies			
	Subtotal	**$28,513,000**	**100%**	**$28,513,000**

Using the "rule of thumb" rationale a 50% benefit is allocation was used for projects that provide both capacity increases as well as improvements to the existing level of service. Projects assigned this benefit allocation include the Smith Hill Storage Tank, which will provide an additional balancing tank and pump station. The Smith Hill Storage Tank would help accommodate growing demands in the Victoria core area, as it would help balance flows during periods of high demand. This project both enhances the existing level of service for domestic, fire and emergency purposes and adds additional capacity to accommodate and service future growth. This aligns with the methodology outlined in Example 6.2 (Case 1b) in section 6.3 of the DCC Best Practices Guide.

Item	Project	Cost Estimate A	DCC Benefit Factor B	Benefit to New Development A x B
SMITH HILL STORAGE TANK				
W21	Smith Hill Tank - Including Design and Decommissioning			
W22	Smith Hill Tank Pump Station			
	Subtotal	**$31,268,000**	**50%**	**$15,634,000**

A 35% benefit allocation is used for DCC projects that are expected to benefit both existing development and future growth proportionately. Projects assigned this benefit allocation include the: Sooke Lake Reservoir Deep Northern Intake, Water Filtration Plant, Transmission Mains and Studies and Modelling, which provide an increased level of service, increased resilience, redundancy and additional capacity to service future population growth. The DCC Best Practices Guide notes in s. 6.3 that "service population could also be a way of allocating benefit" and distributing the costs proportionately based on population was determined to be the most equitable approach and most aligned with the DCC Best Practices Guide and the 'benefiter pay' principle. This also aligns with the methodology outlined in Example 6.4 (Case 2) of the DCC Best Practices Guide.

Item	Project	Cost Estimate A	DCC Benefit Factor B	Benefit to New Development A x B
SOOKE LAKE RESERVOIR DEEP NORTHERN INTAKE				
W1	Deep Northern Intake (Floating Pump Station)			
W2	Sooke Lake Reservoir - Studies			
W3	Conceptual Design of Floating Pump Station and Transmission Main			
	Subtotal	**$74,745,000**	**35%**	**$26,160,750**
WATER FILTRATION PLANT				
W7	Japan Gulch Dam Decommissioning			
W8	Filtration Plant			
W9	Filtration Plant Clearwell			
W10	Treated Water Pump Station			
W11	Filtration Plant Stage 2 Balancing Tank			
	Subtotal	**$819,074,000**	**35%**	**$286,675,900**
TRANSMISSION MAINS				
W12	Phase 1 - Transmission Main Upgrades			
W13	Phase 2 - Transmission Main Upgrades			
W14	Phase 3 - Transmission Main Upgrades			
W15	Deep Northern Intake to Head Tank Transmission Main			
W16	Sooke Lake Dam to Head Tank Transmission Main			
W17	Jack Lake Head Tank to Japan Gulch Transmission Main			
W18	Goldstream Connector to Japan Gulch Transmission Main			
W19	Goldstream Connector Balancing Tank			
W20	East-West Connector Transmission Main			
	Subtotal	**$486,972,000**	**35%**	**$170,440,200**
STUDIES/MODELLING				
W23	Project Delivery Plan			
W24	Master Planning and System Upgrades			
W25	Supply System Computer Model Update			
W26	Phase 2 Hydrology Study			
	Subtotal	**$3,800,000**	**35%**	**$1,330,000**

CRD AND CAPITAL REGION BUILDING INDUSTRY LEADERS MEETING
SEPTEMBER 10, 2024, 10:00AM
RE: DEVELOPMENT COST CHARGES BEING PROPOSED BY THE CRD
FOR THE 2022 REGIONAL WATER SYSTEM MASTER PLAN

QUESTIONS

DISCLOSING FOUNDATIONAL DATA

The Province of British Columbia Development Cost Charge (DCC) Best Practices Guide states:

The establishment of DCCs should be a transparent, local government process, and all information on which the DCCs are based should be accessible and understandable to stakeholders.

This Urban Systems Ltd. document used to determine the proposed DCCs was requested during the public/developer Zoom consultation, but that request was declined and remains un-released to the public. Without his information, the public and the affected development industry have not been afforded the opportunity to understand the detailed assumptions and formulation of the DCC prior to CRD Board's consideration of the Bylaw.

QUESTION 1:

Will the CRD release the Urban Systems Ltd. reports on which the DCCs are based, in accordance with the Province's Development Cost Charge Best Practices Guide and allow adequate time for stakeholder analysis prior to proceeding with implementation of the DCC? If not, why not?

Further, in the June 28, 2024 Capital Daily article, Alicia Fraser, the CRD's integrated water services general manager, stated that "A financial plan would be developed by the CRD for the ministry submission though this wouldn't be a finalized budget forever," said Fraser but rather will be used as a funding tool to ensure the reserves are there for infrastructure as it is needed." She also states that "The DCCs don't commit the CRD to building every single specific project. Rather, they're a long funding tool to ensure that there is funding being put into reserves for that infrastructure to be created when it's needed,".

The Best Practices Guide states "Therefore, certainty should be built into the DCC process, both in terms of stable charges and orderly construction of infrastructure."

QUESTION 2:

How does the CRD reconcile the Best Practices Guide with the statements made by the General Manager?

WATER DEMAND GROWTH RATE ASSUMPTIONS

The 2022 Water Master Plan and the resulting DCCs are based on the projects and project implementation schedule included in the Plan. The approach lacks rigour and makes no attempt to forecast water use trend data shown in the Plan's own long term data set. The total water demand today has declined during the past 30 years, despite the population increasing over 42% from 317,989 people in 1996 (source: Canada Census, 1996), to an estimated 453,425 in 2023 (source: CRD Population Estimates, May 2024).

Water demand growth will be moderated further with the planned increased cost of water, and lower water use in new homes on smaller lots and in multi-family homes. As condo, apartment, and townhomes come to dominate new housing, with new single-family homes no longer a significant factor in new housing supply. Further, all this new housing replaces older water inefficient, and large lot homes. See the attached "Appendix A" detailed summary of the Westhills Water System which demonstrates that new housing supply, even one that is predominantly single family in nature yields significantly lower incremental per capita water consumption that that assumed by Stantec in the 2022 Water Master Plan.

QUESTION 3:

Why has the CRD forecasted compound growth in water demand when there is no data which suggests that is a reasonable assumption? Will the CRD analyse current water use trends based on available retail billing data to establish a statistically valid rate of growth in water demand?

We know that significant increases to water rates, such as those proposed by the CRD 2022 Master Plan, will have a corresponding reduction effect on water demands. We also know that significant opportunities exist to reduce regional water demand from the 2010-2019 baseline which underpins the CRD's 2022 Master Plan (for example: 35% of all water supplied to the region is used outdoors; municipal systems are bleeding upwards of 20% of their water supply and other non-revenue categories like leaks, theft and unmetered consumption); in fact, the Master Plan authors (Stantec) state that *"modest and achievable reductions in demand … will go a long way to extending the life of the Sooke Lake Reservoir beyond the 2050 planning horizon"*.

QUESTION 4:

How did you calculate the price elasticity of demand in the CRD Master Plan's long term water models?

PUBLIC, FIRST NATIONS, AND DEVELOPER CONSULTATION

The Best Practices Guide states:

> ***The development of DCCs must provide adequate opportunities for meaningful and informed input from the public and other interested parties.***

The CRD 2022 Water Master Plan, upon which the DCC is based, had only 22 public comments received during its Covid-era consultation. This document has not been scrutinized by the public, and questions relating to it are diverted or declined.

The CRD provided only two opportunities for public input on the DCCs via Zoom with no in-person public consultation and no web-platform consultation. Participants of these sessions were only permitted to ask questions through a chat function. Many questions and follow up questions were not answered, and many others were determined unilaterally by the moderators to be 'similar to others' and thereby not answered. Questions that were contingent on the 2022 Water Master Plan were disregarded as being not directly relevant to the DCC consultation. The published videos of those consultation events do not include records of the questions asked, and only provide records of those answered. We made a request for the full list of questions but were denied.

This consultation process does not appear to follow the general standard of public engagement best practices.

Further, with regard to First Nations Consultation, in In their Summary of Feedback Report for the July 20, 2022, meeting, the CRD's Regional Water Supply Commission (RWSC) stated its "commitment to engage First Nations communities respectfully and appropriately in regional plans, strategies, decision making and shared interests." However:

- On June 10, 2022, CRD staff emailed letters (many to unchecked addresses) to 16 Nations across the southern Island. Nations were given mere days to respond to an on-line overview and information session prior to relaying their interests in the Plan.
- On July 20th the Regional Water Supply Commission approved the 2022 Master Plan despite Commissioner Isitt motioning to postpone the approval so First Nations

could be given time to comment on the Plan. Then on August 10th, the CRD Board also approved the Plan, despite the lack of consultation with First Nations.

- The CRD stated that although they had not received written responses from First Nations to date, given the timeframe for engagement and acknowledging the other engagement and referral demands on First Nations communities, the CRD does not consider the response reflective of the interests and concerns of the Nations. The CRD states it will be conducting more and specific engagement with First Nations on a project-by-project basis as each project proceeds through further study and design phases.
- Two years later Malahat and Beecher Bay First Nations are formally expressing their upset that the CRD has not adequately or meaningfully engaged with First Nations (see attached letters).

QUESTION 5:

Will the CRD commit to engaging in real, meaningful public consultation with its direct stakeholders, First Nations, and the general public? If not, why not?

DCC CAPITAL WORKS ALLOCATIONS TO NEW GROWTH ARE NOT CONSISTENT WITH DCC BEST PRACTICES. BENEFIT ALLOCATION TO NEW GROWTH IS NOT CORRECT.

Working without the detailed summary report by Urban Systems Ltd. , we are forced to review the limited public reports available. Nonetheless the CRD DCC is evidently non-compliant with the Provincial DCC Best Practices Guide yet again with respect to the benefit allocation to new growth. The USL allocation is based on capacity, and not cost.

In the presentation report to the RWSC on March 28, 2023, assigned a benefit allocation for various component works ranging from 35% to 100% based on technical analysis and 'rule of thumb'.

In a report to the RWSC on May 3, 2021, USL provided the following example of technical analysis. 'Increasing a water main from 150mm to 300mm = approximately 25%/75% benefit'. In this example, the benefit is based on capacity, meaning that the capacity of a 300mm pipe is four times that of a 150mm pipe, and that 25% is assigned to existing users, and 75% is assigned to future users. However, the cost to install a 300mm pipe is not four times that of a 150mm pipe. Using the USL method the benefit allocation is greatly

overstated and not consistent with the Best Practices Guide. The Best Practices Guide example based on the cost of replacing a 250mm pipe with a 300mm pipe is that the cost of 250mm pipe is $50,000, while 300mm pipe cost is $60,000. Benefit to existing users is" $50,000/$60,000 (83%) and benefit to new development is $10,000/$60,000 (17%).

Allocation based on cost is particularly important for the filtration facility because the economies of scale factor into the cost of capacity for existing users and that required for growth, i.e. the cost per megalitre for the growth increment will be less than the cost per megalitre for existing users. CRD has not demonstrated any technical rationale for the incremental cost of the additional filtration to future development, at least publicly.

QUESTION 6:

Has the CRD allocated the benefit to development based on capacity or incremental cost? If not incremental cost as the DCC Best Practices Guide recommends, will the CRD and its consultant, Urban Systems Ltd., share the detailed benefit allocation?

It is projected that the wholesale water rate will increase significantly if the 2022 Master Plan is fully implemented. Depending on the municipality, residents could see their water bills increase by more than 200%. Basic economic theory states that as the price increases, demand will decrease. Indoor water use is considered inelastic (i.e., not price sensitive), whereas outdoor water use (discretionary) is considered to be elastic and price sensitive.

QUESTION 7:

Will the CRD undertake a study to determine the sensitivity of demand to water rate increases substantiate assumptions on growth in water demand with an objective of deferring major capital expenditures. If not, why not?

KAPOOR TUNNEL REDUNDANCY

The hydraulic capacity of the existing Kapoor Tunnel has ability to convey projected demands until approximately the year 2100. With the high-pressure main failure in Calgary (and more recently in Montreal) comments were made by the CRD to proceed with the Kapoor Tunnel bypass to provide redundancy, estimated to cost $350 million.
This redundant capacity appears to be required primarily to address the perceived risk to existing users of a tunnel failure, with some benefit to future development.

QUESTION 8:

Given the potential for the bypass to remain unused until 2100 as it is not currently required for capacity, will the CRD commit to undertaking a seismic evaluation prior to proceeding with the bypass, and if the CRD intends to proceed anyway, how does the CRD intend to incorporate the cost into the current DCC, given that the project is not required for growth within the DCC study timeframe (30 years)?

IMPACTS TO NEW HOUSING COST AND SUPPLY

The new housing market is currently facing strong headwinds from increased cost of construction, interest rates, and increasing and significant new government fees and charges. Project economics are operating on razor thin margins, with many planned projects now being stopped prior to starting. Our industry believes adding this new DCC will curtail new housing supply, and those that do proceed will face higher costs that will be passed on to new home buyers and renters.

CRD's consultant, Urban Systems Ltd., stated clearly during the Zoom consultation that no modelling has been done to determine the impacts on housing costs.

QUESTION 9:

Will the CRD commit to undertaking and publicly sharing an economic feasibility analysis to determine what the affects of these new DCCs will have on the future housing supply, prior to taking it forward to the CRD Board for Bylaw consideration?

APPENDIX A

WESTHILLS WATER DEMAND ANALYSIS
New Construction Data vs. CRD Master Plan Projections

Background

The 2022 CRD Master Plan ("Master Plan") prepared by Stantec combines long-term projections of water demand and population growth in order to estimate when our water source (Sooke Lake Reservoir) will approach its limit in terms of providing a reliable and safe supply to the region. When this limit is reached, the Master Plan calls for diversion of the Leech River into Sooke Lake as a supplemental source. The natural water quality profile of this source will in turn require a Filtration Plant, projected to cost >$1B (the largest single capital project within the Master Plan, by far).

Master Plan Water Demand Projections & Assumptions

The Master Plan uses the average per-capita Average Day Demand (ADD) and Winter Day Demand (WDD) for the period of 2010-2019 and assumes these rates of demand will hold constant across the entire region until the year 2100 (i.e. assumes all new/future growth will continue to use the same amount of water per-capita):

- **366 L/c/d ADD** average for CRD from 2010-2019
- **274 L/c/d WDD** average for CRD from 2010-2019

These figures are fundamentally important because they – along with population projections – form the basis of **when** the $1B Filtration Plant will be required. Using these per capita demand rates, the Master Plan projects that the Sooke Lake supply will reach its limit in the year 2045. It then states, if ADD is reduced to 300 L/c/d (described by Stantec as "modest and achievable"), this limit is extended to 2060; at 250 L/c/d, it could be extended beyond 2070.

While not directly factored into long-term projections and sensitivity analyses, the Master Plan also references "Residential Only" demands, which are helpful when assessing water conservation:

- **240 L/c/d Residential Only**, CRD average annual demand in 2020
- **220 L/c/d Residential Only**, North America average annual demand in 2016

New Construction Water Demand

The Westhills Water System (WWS) in Langford provides a uniquely valuable dataset for observing water demand in new construction for the following reasons:

- WWS supplies a mixed-use community with a resident population of approx. 3,000 living in a diverse range of housing types, with everything constructed after the year 2009.
    - This is important, because low-flow plumbing code changes and CRD water conservation bylaws, the two biggest drivers of water conservation in the last 25 years, were introduced in the early-/mid-2000s.
- WWS is a standalone modern water distribution system, with 100% of its input supply recorded through a CRD wholesale/bulk meter, coupled with near-total end use metering and virtually zero non-revenue water (e.g. line losses).
- Westhills is comprised of small lots and medium-to-high density land uses, which is indicative of what new growth across the CRD will look like in the decades ahead (i.e. large single-family lots as seen in places like Oak Bay or Gordon Head will not be the predominant form of new growth moving forward).

Westhills Water System (WWS) – Demand Figures

Data from the WWS over a three-year period between 2021 and 2023 (provided by SSL, the utility operator) yields the following demands:

- **315 L/c/d ADD** average for WWS from 2021-2023*
- **170 L/c/d WDD** average for WWS from 2021-2023**

**ADD skewed higher than typical new construction because the WWS currently has a much higher ICI-to-residential ratio (40% ICI vs. 22% ICI for the wider CRD); with ICI especially driving up summer usage. For example, the community of only 3,000 people currently includes three large schools with irrigated grass fields, regional recreation centre with swimming pool (YMCA), large-scale earthworks requiring active dust control (e.g. water trucks and spray cannons), and significant boulevard irrigation on new main roads, which are often constructed years before adjacent land uses are fully realized. As Westhills builds out, it should more closely align with the CRD's sector ratios and thus see ADD drop below 300 L/c/d without factoring in any further conservation efforts.*

***WDD is a more apples-to-apples comparison with the CRD Master Plan data, as it strips away the unusually high and temporary non-residential outdoor water use at Westhills.*

Residential Only demand is similarly worth observing. As of 2024, the makeup of housing in Westhills is 70% detached, 19% town/row housing, and 11% multi-family. Future growth is expected to include minimal new detached housing and these ratios will eventually be reversed at full community buildout. Despite having a much higher ratio of detached housing in Westhills than should be expected as a share of future growth across the region in the coming decades, observed Residential Only demand is much lower than the CRD average:

- **182 L/c/d Residential Only**, WWS average annual demand, 2021-2023
    - **130-140 L/c/d** if restricted to townhomes and multi-family only

CRD Master Plan vs. New Construction – Direct Comparisons

As others have observed, a critical component of the Master Plan is that it assumes all future growth will continue to use water at the average rate observed for the region between the period of 2010-2019. By comparing the Master Plan's 2010-2019 demands with those occurring today in the newly constructed Westhills Water System, we see the following:

	CRD Master Plan	New Development	Difference
ADD (L/c/d)	366	315	14% less
WDD (L/c/d)	274	170	38% less
Res. Only (L/c/d)	240	182	24% less

Closing

The 2022 Master Plan serves as a robust high-level guide for our regional water supply system. As the authors quite rightly state, *"when developing water demand forecasts based on a per-capita demand model, the projected population introduces the greatest source of uncertainty in the results compared to the uncertainties in the actual demand assumptions"*.

Given the inherent uncertainty with long-term population growth, and the volatile nature of predicting hyper-localized impacts of climate change, it is imperative that the most reliable (and controllable) ingredient in our master planning – water demand – is properly scrutinized and validated.

Despite the timing of such immense capital projects being linked to the water demand profile of future growth, the Master Plan contains precious-little data specific to new construction within the region; presumably because that level of detail cannot be easily extracted from the larger CRD dataset. Readily available water demand information from the Westhills Water System could be exceptionally valuable in this exercise and this information can be considered by the CRD and its supporting members in an effort to continue refining the Master Plan.

CANADIAN HOME BUILDERS' ASSOCIATION VANCOUVER ISLAND

UDI URBAN DEVELOPMENT INSTITUTE CAPITAL REGION

SOOKE BUILDERS ASSOCIATION

VICTORIA RESIDENTIAL BUILDERS ASSOCIATION

West Shore DEVELOPERS ASSOCIATION

September 5, 2024

Colin Plant
Chair
Capital Regional District
625 Fisgard Street
Victoria, BC V8W 1R7

Dear Chair Plant:

In preparation for your September 10, 2024, meeting with leaders from the Capital Region building industry, please find attached our questions pertaining to the Development Cost Charges being proposed by the CRD for the 2022 Regional Water System Master Plan.

We agreed to provide these questions in advance so you could ensure you were well prepared with answers, and together we could have a more fulsome discussion on this important issue.

We look forward to our meeting. Please do not hesitate to contact me if you have any questions or concerns.

Yours sincerely,

Ben Mycroft
Chair
Urban Development Institute Capital Region
On behalf of: Canadian Home Builders Association
Sooke Builders Association
Victoria Residential Builders Association
West Shore Developers Association

Attachment

cc: The Honourable Sean Fraser, Minister of Housing, Infrastructure and Communities
Honourable Anne Kang, Minister of Municipal Affairs
The Honourable Ravi Kahlon, Minister of Housing
MLA Ravi Parmar, Langford-Juan de Fuca

Total Regional Demand by Major Sector 2014 - 2023

Year	Total Supply (m3)	Retail (m3)	Single Family (m3)	Multi-Family (m3)	Condo (m3)	Agriculture (m3)	Industrial (m3)	Commercial (m3)	Institutional (m3)	Other (m3)	Non-Revenue (m3)
2014	46,890,405	43,022,863	21,042,249	4,809,625	3,847,342	1,164,150	1,720,043	5,102,235	3,428,759	1,908,460	3,867,541
2015	47,722,872	42,852,843	20,971,930	4,511,899	3,951,387	1,250,560	1,743,596	5,290,610	3,430,546	1,702,314	4,870,029
2016	48,699,115	43,677,857	21,535,653	4,611,416	3,973,236	1,322,213	1,813,690	5,149,330	3,783,011	1,489,308	5,021,258
2017	47,584,170	42,170,500	20,865,034	4,557,487	3,809,630	1,195,273	1,793,216	4,935,016	3,655,128	1,359,716	5,413,670
2018	48,783,869	43,599,290	21,154,551	5,224,031	3,548,886	1,289,852	1,919,147	5,306,839	3,806,363	1,349,621	5,184,579
2019	48,202,087	43,671,687	21,861,127	5,683,628	3,824,319	1,184,459	1,890,959	4,982,061	3,698,569	546,565	4,530,400
2020	48,384,071	43,008,380	22,713,835	5,608,892	4,327,072	1,268,291	1,543,994	3,653,432	3,170,871	721,993	5,375,691
2021	51,984,150	46,686,241	23,268,062	5,258,825	5,548,299	1,557,405	1,874,428	4,432,608	3,800,770	945,845	5,297,909
2022	50,459,607	44,586,971	21,758,477	5,193,007	5,267,952	1,335,881	1,797,165	4,518,281	3,716,347	999,861	5,872,635
2023	51,427,981	47,498,215	23,264,991	5,263,792	5,470,193	1,606,304	2,092,424	4,949,417	3,987,683	863,411	3,929,766
AVERAGE	**49,013,833**	**44,077,485**	**21,843,591**	**5,072,260**	**4,356,832**	**1,317,439**	**1,818,866**	**4,831,983**	**3,647,805**	**1,188,709**	**4,936,348**
3-YR AVG	**51,290,579**	**46,257,142**	**22,763,844**	**5,238,541**	**5,428,815**	**1,499,863**	**1,921,339**	**4,633,435**	**3,834,933**	**936,372**	**5,033,437**

Juan De Fuca Demand by Major Sector 2014 - 2023

Year	Total Supply (m3)	Retail (m3)	Single Family (m3)	Multi-Family (m3)	Condo (m3)	Agriculture (m3)	Industrial (m3)	Commercial (m3)	Institutional (m3)	Other (m3)	Non-Revenue (m3)
2014	46,890,405	8,283,577	4,858,841	552,802	477,607	92,640	354,824	738,955	667,354	540,554	-34,590
2015	47,722,872	8,355,180	4,835,894	517,680	521,844	96,342	407,594	774,874	683,673	517,279	10,491
2016	48,699,115	9,266,652	5,191,831	645,532	561,481	106,625	486,605	921,524	749,934	603,120	-439,313
2017	47,584,170	8,832,551	5,042,974	631,103	523,616	104,375	417,267	833,094	734,323	545,799	-18,820
2018	48,783,869	9,119,868	5,184,282	1,154,408	162,119	120,479	462,416	807,106	714,869	514,189	-1,204
2019	48,202,087	9,060,828	5,110,975	638,406	971,460	138,824	418,621	856,084	735,512	190,946	115,429
2020	48,384,071	9,551,004	5,625,692	1,663,533	162,454	148,660	514,936	636,201	617,874	181,654	470,260
2021	51,984,150	10,582,752	6,224,387	721,568	1,169,449	179,239	535,143	759,141	697,200	296,625	-5,817
2022	50,459,607	10,344,370	5,955,012	677,568	1,322,526	132,968	563,457	752,892	682,334	257,613	-9,198
2023	51,427,981	11,016,434	6,310,376	706,407	1,376,488	161,932	629,169	938,220	655,542	238,300	27,970
AVERAGE	**49,013,833**	**9,441,322**	**5,434,026**	**790,901**	**724,904**	**128,208**	**479,003**	**801,809**	**693,862**	**388,608**	**11,521**
3-YR AVG	**51,290,579**	**10,647,852**	**6,163,258**	**701,848**	**1,289,488**	**158,046**	**575,923**	**816,751**	**678,359**	**264,179**	**4,318**

December 18, 2024

Chair Gord Baird and Directors
CRD Regional Water Supply Commission
Via email:

Dear Commission Members:

In the 2024 Juan de Fuca Water Distribution System Development Cost Charge (DCC) Bylaw Update, Urban Systems presented growth estimates that included a detailed breakdown of the number of residential units by housing type projected for the 20-year program duration, namely:

Land Use	Total (units)
Low Density	6,100
Medium Density Multi Family	9,065
High Density Multi Family	12,430

Based on these projections, 78 per cent of future growth is expected to be in the form of either medium or high-density dwellings.

In its presentation to the Regional Water Supply Commission on March 28, 2023, Urban System did not present a breakdown of the number of units projected in each category but presented only the DCC on a per lot or per unit basis.

Since the development of the Regional DCC, local governments in the region are obligated to meet targets for new residential units set by the Province. Given that municipalities such as Esquimalt, Victoria and Oak Bay are largely built out, to meet provincial targets future residential development will be in the form of redevelopment of existing lots with medium or high density multi-family dwellings.

The relationship between higher density dwellings and lower per capita water demand is well understood and supported by available data, including local data with reduced outdoor water use being a significant factor contributing to the lower per capita water demand.

The Regional Water Supply Commission 2022 Master Plan based projections for water demand on "*the conservative assumption that no further reductions in total per capita demand are expected in the future below the average observed over the period of 2010 to 2019"* (page 61). The Master Plan also stated "*Modest and achievable reductions in demand, (e.g., 300 L/c/d from the current demand of 337 L/c/d) will go a long way to extending the life of the Sooke Lake Reservoir beyond the 2050 planning horizon*." (Page 65).

…/2

As residential water demand is the largest component of the region's water demand, projecting future water demand based on the average over the 2010 to 2019 period is no longer appropriate, given that multi family dwellings are projected to form the majority of new dwelling units.

Region residents are under increasing financial pressure from tax increases by local governments. We believe it is in the public interest for the CRD to analyse the impact of the revised dwelling unit projections with the aim of supporting the deferral of many of the growth-related capital expenditures identified in the 2022 Master Plan and DCC proposal.

Consequently, we urge the CRD to:

1. Instruct Urban Systems to update the information on the dwelling unit projections and provide a breakdown by the number of units for low, medium and high-density land use;

2. Update its future water demand projections taking into consideration the trend to lower water using residential units; and

3. Revise the schedule of capital works in the Master Plan based on the updated water demand projections.

Should the CRD decide not to reconsider its demand projections which may lead to premature expenditures on growth related infrastructure, we are requesting a detailed explanation as to why not.

Yours sincerely,

Ben Mycroft
Chair
Urban Development Institute Capital Region

On behalf of: Canadian Home Builders' Association Vancouver Island
Sooke Builders Association
Vancouver Island Construction Association
Victoria Residential Builders Association
West Shore Developers Association

cc: Honourable Ravi Kahlon, Minister of Housing and Municipal Affairs
Chair and Members, Capital Regional District Board
Alicia Fraser, General Manager, Integrated Water Services

September 26, 2025

BY EMAIL

CRD Board of Directors
Capital Regional District

Re: Proposed Regional Water Supply Development Cost Charge Program - Financial Analysis and Industry Concerns

Dear Chair and Directors,

On behalf of the Urban Development Institute (UDI), the Victoria Residential Builders Association (VRBA), and the WestShore Developers Association (WSDA), we write to follow up on our previous correspondence to the Capital Regional District (CRD) dated September 10, 2024, October 10, 2024, October 28, 2024, and December 18, 2024.

We have consistently raised significant concerns that leave the CRD's proposed Regional Water Supply (RWS) Development Cost Charge (DCC) program out of alignment with the Province's Local Government Act and the Development Cost Charge Best Practices Guide[1]. These concerns relate to flawed technical assumptions, non-compliance with statutory requirements, and insufficient consultation with the public and industry.

Since that time, two important developments have further confirmed the seriousness of these concerns:

1. Independent Economic Analysis:

With the CRD confirming it would not undertake the required economic study, UDI, VRBA, and WSDA commissioned Mulholland Parker Land Economists (MPLE) to

complete an independent financial impact review[2]. The MPLE September 2025 report concludes that four out of five housing forms in the region "are not viable under current market conditions."

The report states a "prolonged period of depressed housing starts" is anticipated. The proposed "water DCC would reduce project viability beyond these baseline market conditions and delay the timeline for market recovery" by up to 25% (e.g., wood-frame strata from 4 to 5 years, concrete rental from 5 to 6 years).

This is clear evidence the proposed DCCs will deter development.

The Local Government Act says (564) (4):

"In setting development cost charges, a local government must take the following into consideration:

> (f) whether the charges will, in the municipality or regional district,
>
> (i) deter development,
>
> (ii) discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land"[3]

By not undertaking an economic study, the CRD fails to meet this obligation. UDI, VRBA and WSDA have done the necessary work demonstrating the CRD's proposed DCCs would further undermine housing supply in challenging market conditions.

As a result, **we are requesting the Inspector of Municipalities reject the CRD bylaw**. The DCC Best Practices Guide states, "…the Inspector of Municipalities (Ministry of Municipal Affairs) may refuse approval of a DCC bylaw… if the DCCs are excessive, deter development, or discourage construction of reasonably priced housing."[4]

2. Updated Population and Water Demand Forecasts:

Due to shifts in domestic migration and federal immigration policy, BC Stats now projects a *sharp deceleration* in regional population growth. The Capital Region is expected to add only 19,600 residents between 2025 and 2034: a 73% decline from the 73,800 residents added over the last decade and a 68% downward revision from BC Stats' prior forecast.

Yet, the CRD's 2022 Water Supply Master Plan assumes a 1.25% annual growth rate[6], which is over three times the rate now endorsed by BC Stats out to 2034.

At the same time, internal CRD data confirm falling per capita water demand, particularly in multi-family housing, the predominant new housing form, which the Master Plan does not account for. Pursuing a $2B+ capital plan based on overestimated population growth

and water demand figures risks our region will be faced with **unnecessary infrastructure projects** and **a funding shortfall to support them**.

Taken together, these findings directly challenge the validity of the 2022 Water Supply Master Plan's assumptions. The MPLE report demonstrates the economic impacts of the proposed DCCs on housing supply and affordability, while the updated BC Stats forecasts show that the population and water demand assumptions underpinning the CRD's capital program are materially overstated.[5,6] Advancing a multi-billion-dollar program based on these incorrect premises risks raising water rates for all residents and imposing a substantial DCC that will further constrain housing delivery.

We respectfully urge the CRD Board to:

1. Pause advancement of the proposed DCC until a full, independent economic impact analysis is completed in accordance with the Province's DCC Best Practices Guide[4];

2. Update the population and demand assumptions underpinning the Water Supply Master Plan to reflect BC Stats' revised forecasts[5] and the reality of lower per capita water use in denser housing formats[7]; and

3. Engage meaningfully with municipalities, First Nations, the development industry, and the public on the scale, timing, and fairness of the proposed capital plans.

We enclose the MPLE report for your review and, for context, attach our October 28, 2024, letter that identified these issues.

Sincerely,

L Bell

Leah Bell
Regional Director
Urban Development Institute - Capital Region
447 Herald Street
Victoria, BC

On behalf of:

Casey Edge, Executive Director, Victoria Residential Builders Association
Ron Coutre, President, WestShore Developers Association

Enclosures:

- Financial Analysis of Proposed CRD Water DCC, September 2025
- Development Community Feedback Letter to CRD, October 28, 2024

cc:

Alicia Fraser, GM Integrated Water Services, Capital Regional District
Capital Regional District Regional Water Supply Commission
Ted Robbins, Chief Administrative Officer, Capital Regional District
Nelson Chan, Chief Financial Officer, Capital Regional District
The Honourable Christine Boyle, Minister of Housing and Municipal Affairs
The Honourable Gregor Robertson, Minister of Housing and Infrastructure
Ravi Parmar, MLA, Langford-Juan de Fuca
John Rustad, MLA, Nechako Lakes, Leader of the Official Opposition
Inspector of Municipalities, Ministry of Housing and Municipal Affairs

Endnotes

1. *Development Cost Charge Best Practices Guide*, Province of British Columbia, Ministry of Municipal Affairs - General reference to provincial guidelines for setting DCCs.
2. Mulholland Parker Land Economists, *Financial Analysis of Proposed CRD Water DCC*, September 2025.
3. *Local Government Act*, SBC 2015, c. 1, Section 564(4)(f), Province of British Columbia.
4. *Development Cost Charge Best Practices Guide*, Province of British Columbia, Ministry of Municipal Affairs - Specifically notes the Inspector of Municipalities may reject DCC bylaws that deter development or discourage affordable housing. https://www2.gov.bc.ca/assets/gov/bcc/dcc-best-practices-guide.pdf
5. BC Stats, *Sub-Provincial Population Projections - Capital Region*, August 2025 Release. https://www.bcstats.gov.bc.ca
6. Capital Regional District, *Water Supply Master Plan*, 2022 - Projects long-term population growth and supports assumptions used in the CRD's capital planning.
7. Capital Regional District, *Water Demand Trends Data Summary*, Internal Report, 2024 - Indicates declining per capita water use, particularly in multi-family housing.

Mulholland Parker
Land Economists Ltd.

Financial Analysis of Proposed CRD Water DCC

For: Urban Development Institute

September 2025

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Executive Summary

INTRODUCTION

Mulholland Parker Land Economists (MPLE) has been retained by the Urban Development Institute (the Client) to perform market research and financial analysis of the development economics of several development scenarios throughout the Capital Regional District (CRD). We understand that the Client is concerned about the economic viability of the proposed Regional Water Supply Development Cost Charge (DCC) plan, and fears that the added cost of the new DCCs on development could deter development, reduce overall housing supply, and therefore negatively impact housing affordability in the region. Provincial law and guidelines also make it clear that municipalities and regional governments are obligated to ensure that new or increased DCC rates do not deter development. In recognition of challenging economic circumstances, the CRD has deferred implementation of the Water DCC until 2027 in order to maintain regional eligibility for the $6 billion Canada Housing Infrastructure Fund. This highlights the recognition by both federal and regional governments that increased DCCs can affect housing viability and delivery timelines.

To investigate this concern and to inform the CRD's consideration of the proposed DCC rates, MPLE has undertaken financial analysis of three hypothetical developments in the CRD to understand the impact of the proposed Regional Water Supply DCCs on project economics:

1) A three-storey wood frame townhouse project at an average size of 1,500 ft^2 (net of garage area) at a floor space ratio (FSR)[1] of approximately 1.2, located in the Westshore area

2) A six-storey wood frame apartment building with one level of underground parking built at an FSR of 2.5, located in the Shelbourne Valley of Saanich

3) A 30-storey concrete high-rise apartment building located in the urban core of the City of Victoria.

Each of these three scenarios are modelled with and without the proposed Water Supply DCC to address the following questions:

- What are current market sales prices for townhouse and apartment products of the above types in the above locations? How do these amounts compare to construction costs and what residual land prices do they support?
- What is the anticipated impact of the proposed Regional Water Supply DCC plan on supportable land values?
- Do the proposed DCC rates cause residual land values to fall below critical thresholds such as BC Assessment land value and single family dwelling land value?

If the proposed DCCs are expected to deter development, how long would this period of deterrence be in years?

[1] A measure of density equal to a development's gross floor area divided by its land area

MARKET RESEARCH

MPLE has interviewed eight local experts including realtors, developers, and builders for this project as well as hundreds of others in recent years for recent work. They have expressed a range of opinions and perspectives on Victoria's housing market but have been remarkably consistent in their belief that there is indeed a housing crisis throughout British Columbia and the Capital Regional District is no exception. Housing prices are increasingly beyond the means of households with typical incomes due to a profound shortage of homes. The present shortage is longstanding and pervasive; its growth is well-documented throughout the twenty-first century. MPLE believes that only major reforms and changes to British Columbia's and Canada's approaches to land use and development can possibly reverse this worrying trend.

On top of this longstanding shortage, it is a uniquely difficult time to build housing in the CRD and throughout Canada due to high costs, high interest rates, and reduced demand as a result of widespread economic uncertainty. The provincial government's recent land use reforms (Bills 44, 46, 47, and 16) represent an attempt to increase housing supply at the provincial scale and may prove invaluable, but it is too soon to assess their overall effectiveness, especially since these reforms are fighting economic headwinds at the international scale emanating from the south. The local experts we interviewed for this research were generally of the opinion that now is not the time to increase development costs for any reason if the region aims to continue increasing its housing supply to do its part to stem the province's broad housing shortage.

FINANCIAL ANALYSIS

MPLE has prepared a financial analysis of five scenarios, each both with and without the CRD's proposed Water Supply DCCs:

- A three-storey wood frame townhouse project located in the Westshore area
- A six-storey wood frame apartment building with one level of underground parking built at an FSR of 2.5, located in the Shelbourne Valley of Saanich. We have modelled two tenures:
  - Strata
  - Rental
- A 30-storey concrete high-rise apartment building located in Downtown Victoria. We have modelled two tenures:
  - Strata
  - Rental.

The purpose of this model is to measure the expected impact of the CRD's proposed Water Supply DCCs on project economics throughout the region.

Table A: Expected wait time until project viability (years)

	Expected wait time		Impact of Water DCC	
	Without DCC	With DCC	Years	% increase
Townhouse	6	7	1	17%
Wood frame apartment (strata)	4	5	1	25%
Wood frame apartment (rental)	Viable	Viable	n/a	n/a
Concrete apartment (strata)	22	23	1	5%
Concrete apartment (rental)	5	6	1	20%

Of the five scenarios analyzed by MPLE, four are not viable under current market conditions because they support less land value than the land's market price. Assuming a middle-of-the-road economic recovery trajectory, all of these scenarios are expected to recover, but their recovery will be delayed by about one year if the proposed CRD Water Supply DCC is imposed:

- Townhouses on the West Shore: from six years of recovery to seven years (17% slower)
- Wood frame strata in Shelbourne Valley: from four years of recovery to five years (25% slower)
- Concrete strata in Downtown Victoria: from 22 years of recovery to 23 years (5% slower)
- Concrete rental in Downtown Victoria: from five years of recovery to six (20% slower).

The only analyzed scenario not adversely affected by the proposed DCC rates is wood frame rental apartments in Shelbourne Valley, which MPLE believes is an unusual case due to its desirable location next to the University of Victoria.

The economic analysis shows that four out of five scenarios examined are not economically feasible for new projects, signaling a prolonged period of depressed housing starts. The introduction of the new CRD Water DCC would reduce project viability beyond these baseline market conditions and delay the timeline for market recovery.

Table of Contents

1 Introduction

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To investigate this concern and to inform the CRD's consideration of the proposed DCC rates, MPLE has undertaken financial analysis of three hypothetical developments in the CRD to understand the impact of the proposed Regional Water Supply DCCs on project economics:

4) A three-storey wood frame townhouse project at an average size of 1,500 ft^2 (net of garage area) at a floor space ratio (FSR)[2] of approximately 1.2, located in the Westshore area

5) A six-storey wood frame apartment building with one level of underground parking built at an FSR of 2.5, located in the Shelbourne Valley of Saanich

6) A 30-storey concrete high-rise apartment building located in the urban core of the City of Victoria.

[2] A measure of density equal to a development's gross floor area divided by its land area

Each of these three scenarios are modelled with and without the proposed Water Supply DCC to address the following questions:

- What are current market sales prices for townhouse and apartment products of the above types in the above locations? How do these amounts compare to construction costs and what residual land prices do they support?
- What is the anticipated impact of the proposed Regional Water Supply DCC plan on supportable land values?
- Do the proposed DCC rates cause residual land values to fall below critical thresholds such as BC Assessment land value and single family dwelling land value?
- If the proposed DCCs are expected to deter development, how long would this period of deterrence be in years?

2 Market Research

MPLE has interviewed eight local experts including realtors, developers, and builders for this project as well as hundreds of others in recent years for recent work. They have expressed a range of opinions and perspectives on Victoria's housing market but have been remarkably consistent in their belief that there is indeed a housing crisis throughout British Columbia and the Capital Regional District is no exception. Housing prices are increasingly beyond the means of households with typical incomes due to a profound shortage of homes. The present shortage is longstanding and pervasive; its growth is well-documented throughout the twenty-first century. MPLE believes that only major reforms and changes to British Columbia's and Canada's approaches to land use and development can possibly reverse this worrying trend.

On top of this longstanding shortage, it is a uniquely difficult time to build housing in the CRD and throughout Canada due to high costs, high interest rates, and reduced demand as a result of widespread economic uncertainty. The provincial government's recent land use reforms (Bills 44, 46, 47, and 16) represent an attempt to increase housing supply at the provincial scale and may prove invaluable, but it is too soon to assess their overall effectiveness, especially since these reforms are fighting economic headwinds at the international scale emanating from the south. The local experts we interviewed for this research were generally of the opinion that now is not the time to increase development costs for any reason if the region aims to continue increasing its housing supply to do its part to stem the province's broad housing shortage.

This section presents and explains some of the issues causing the current economic headwinds at the national scale (Section 2.1 below), elaborates how these market forces manifest in the CRD (Section 2.2, pg. 7), and then takes a closer look at the market parameters governing this study's particular development scenarios (Sections 2.3 – 2.5, pg. 8 – 17).

2.1 Inflation and Interest Rates

Figure 1: Monthly inflation in Victoria in 2020 – 2024 (five years)[3]

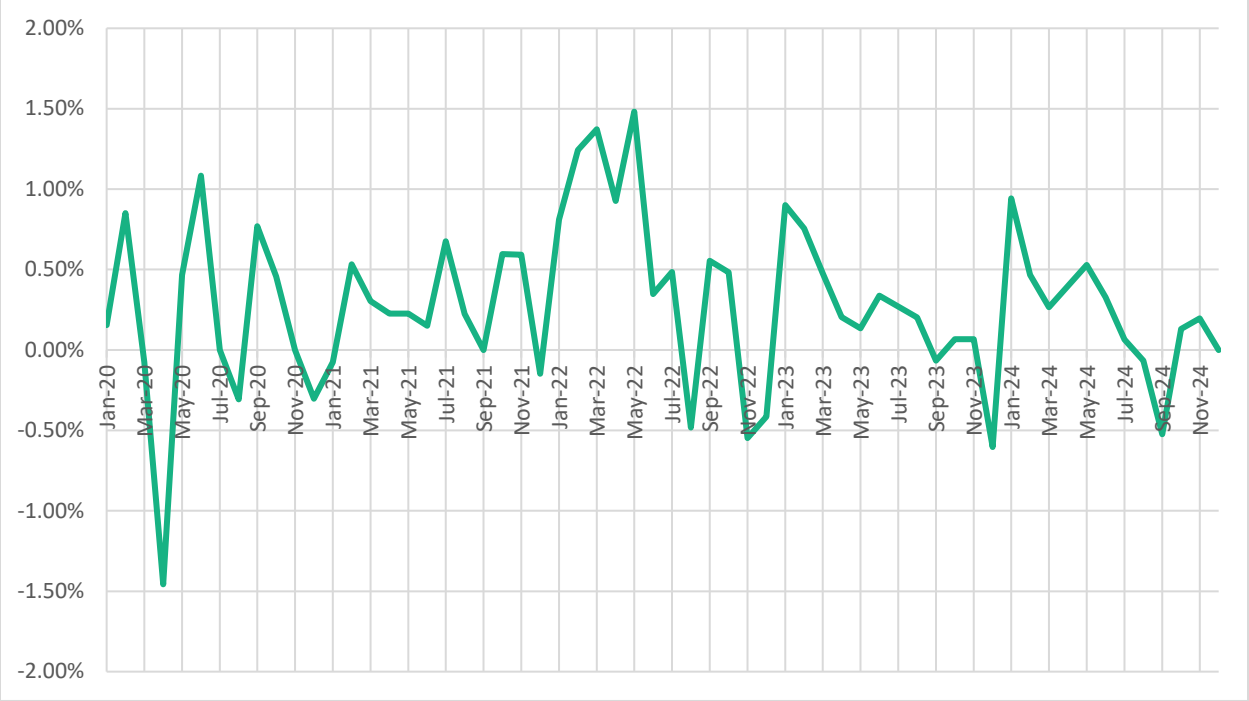


Figure 1 shows that considerable inflation occurred in the first half of 2022, more rapid than the several years before or since. Estimates of inflation in Victoria indicate 6.3% inflation in the first six months of 2022 (13% annualized), compared to a long-term annual average of 3.4%. Rapid inflation has had profound impacts on Victoria's housing market – both direct and indirect – and the subject deserves some discussion and analysis.

This inflationary bout of Spring 2022 was due to recent historical forces:

- The COVID-19 Pandemic, the following Russian invasion of Ukraine, and subsequent conflict in the Middle East (all ongoing at the time of this report) caused worldwide logistical problems and shortages, increasing prices
- Canadian consumer-facing sectors are also increasingly prone to monopoly or oligopoly (dominance of a sector by a small number of large companies). Examples include telecommunications, groceries, gas stations, and banks. Widespread price fixing between these large companies is suspected and occasionally discovered.[4] This increases the price of consumer goods and services, and funnels funds to the shareholder class and corporate management elite

[3] Source: British Columbia (2024) Consumer Price Index. Retrieved from https://www2.gov.bc.ca/gov/content/data/statistics/economy/consumer-price-index in August 2025.

[4] Two recent examples of officially identified price fixing include bread prices in Canada's grocery stores (https://en.wikipedia.org/wiki/Bread_price-fixing_in_Canada) and fuel prices in British Columbia (https://docs.bcuc.com/documents/proceedings/2019/doc_54384_c1-2-allan-eliesen-submitting-report.pdf)

- Financial support for households and industries during COVID also increased the money supply, fueling inflation

- If housing is included in the calculation, then housing shortage is a major driver of inflation in Canada because the nation faces a considerable housing shortage as discussed on pg. 2; Canada is not alone in this; housing is in short supply in many OECD countries as housing supply struggles to keep up with demand.

The Bank of Canada – Canada's arms-length monetary body – controls the Policy Interest Rate. This is the rate at which banks can borrow from the Bank of Canada as a lender of last resort. It therefore represents a "floor" for most borrowers in the economy. It is hard to acquire financing for less than this amount. Raising interest rates in this way is an attempt to stem inflation through two means:

- The "carrot": household savings accrue to financial institutions that proceed to lend these funds. According to orthodox economic thought, at higher interest rates, financial institutions should be able to afford to offer higher interest rates to households who use these institutions for saving and should be incentivized to do so through competition. However, evidence of higher interest rates being passed on to Canadian savers in recent years is mixed at best.[5]

- The "stick": when interest rates increase, existing mortgages and other forms of debt become more expensive to carry, either immediately in the case of floating rate arrangements, or at the time of renewal in the case of fixed rate arrangements. This diverts household funds from other forms of spending to debt servicing, which decreases the money supply. Evidence suggests that this mechanism still works in Canada as inflation has slowed noticeably since May 2022, although both inflation and high debt costs represent hardship for households, so this treatment promises no short-term relief for most.

In the wake of inflation, the Bank of Canada – over several discrete increments – increased the Policy interest rate from 0.25% in February 2022 to 5% by mid-July of 2023, its highest value since 2001. This is the standard approach to fighting inflation and appears to be working as inflation has slowed considerably in the last two years.

Inflation and resulting high interest rates in combination have a profound and challenging impact on the housing development industry as they make both construction and financing more expensive for developers while reducing households' capacity to pay for housing.

Since 2022, inflation has slowed to a more normal pace, so the Bank of Canada reduced the Policy Interest Rate in several discrete adjustments from 5% in June 2024 to 2.75% in March 2025. This is expected to have a thawing effect on the industry but note that construction cost increases in the last several years have exceeded inflation and costs have not decreased to pre-2022 levels.

[5] Evans, Pete & Patel, Nisha (2023, March 2). Interest rates have skyrocketed. So why hasn't the rate on your savings account budged? *Canadian Broadcasting Corporation*. Retrieved from https://www.cbc.ca/news/business/interest-rates-analysis-1.6764143.

2.2 Victoria's Residential Development Market

While construction costs have continued to increase since 2022, demand for strata product has fallen due to reduced purchaser borrowing capacity from interest rates as well as households' reduced willingness to make major investments and lifestyle commitments under today's uncertain economic conditions. With new and volatile tariffs imposed on Canadian exports to the United States, whole industries have paused investment and hiring until more certainty is available, which further reduces households' appetite for major expenditure (reduced demand, decreasing price) while increasing development costs, threatening project viability everywhere. MPLE has observed that high rise strata construction is no longer economically viable anywhere in BC except in the Lower Mainland's most desirable neighbourhoods.

Due in part to decreased interest rates in late 2024 and early 2025, local realtors report that it has been an unusually busy summer. But despite a greater volume of sales than most years, today's home purchasers are extremely price-sensitive and risk-averse. After several years of economic uncertainty which has only intensified in 2025, there is a great deal of pent-up residential demand, but it is releasing selectively. For example, buyers are much less interested in presales than in recent decades; there appears to be a degree of urgency in today's market that is not compatible with the presale model, possibly due to reduced demand from investor purchasers. Reduced presales complicate development financing, delay project starts, and therefore increase overall borrowing costs.

With softening strata prices, reduced presales, and perpetual economic uncertainty, the housing market's focus in Victoria has shifted from strata to rental development. Rental housing represents less of a financial commitment from occupants and its value to builders depends less on current market conditions and more on future market conditions which are assumed to be less extreme and more like past decades. Rental inventory in Victoria and Saanich has therefore been rising in recent years while strata inventory has stalled. There are some recent wood frame purpose-built rental apartment developments in the region that are commanding super-economic rents[6] and appear to be viable, but all other large-scale multi-family development formats (concrete apartments of all kinds and townhouses of all kinds) are struggling acutely, with costs routinely exceeding revenues. In summary, the CRD's housing market is acutely distressed and bearish, with project viability limited to only the best-positioned purpose-built rental wood frame apartments.

[6] Rents that would support land value greater than the land's assumed market value today. See Section 2.5, pg. 15 – 15 and Section 3.2.4, pg. 26.

2.3 Construction Costs

MPLE has drawn construction cost data from several sources to produce a set of blended estimates for use in the financial analysis presented in Section 3.2.3, pg. 21. These are presented below by building type. All costs exclude contingency.

2.3.1 Townhouse Construction Costs

As usual, townhouse construction costs are communicated in dollars per square foot, such that the unit's parking garage or unfinished space is not included in the figure's denominator but is paid for by its numerator. Several sources suggest townhouse construction costs ranging from $205 - $315 per ft^2:

- The Altus Canadian Cost Guide (March 2025) suggests for *Vancouver*[7]:
  - For row townhouse: $205 - $310, **with a mid-point of $258 per ft^2**
  - For stacked townhouse: $225 - $315, **with a mid-point of $270 per ft^2**
- Butterfield Development Consultants Construction Cost Indicator[8] suggests a price of **$288 per ft^2**
- The Client provided project data on three recent townhouse projects on the West Shore. These show construction costs of $259 - $281 per ft^2 with **an average of $267 per ft^2**
- Local experts interviewed by MPLE suggest a range of **$225 - $275 per ft^2.**

On the balance of these sources, MPLE assumes a townhouse construction cost of **$265 per ft^2.**

2.3.2 Wood Frame Apartment Construction Costs

Several sources suggest wood frame apartment construction costs ranging from $275 - $365 per square foot of gross floor area, excluding parking:

- The Altus Canadian Cost Guide (March 2025) suggests for *Vancouver*[7] a cost of $275 - $365, **with a mid-point of $320 per ft^2**
- Butterfield Development Consultants Construction Cost Indicator[8] suggests a price of **$318 per ft^2**
- The Client provided project data on three recent wood frame apartment projects in the Shelbourne Valley. These show construction costs of $328 - $354 per ft^2 with **an average of $344 per ft^2**
- Local experts interviewed by MPLE suggest a cost of about **$350 per ft^2.**

On the balance of these sources, MPLE assumes an apartment construction cost of **$350 per square foot** of gross floor area, excluding parking.

[7] Because Altus does not address Victoria in its annual Construction Guide, this is not a very reliable indicator.

[8] Retrieved from https://www.bdconsultants.com/tools/ on 2025/08/04.

2.3.3 Concrete Construction Costs

Several sources suggest concrete apartment construction costs ranging from $360 - $455 per square foot of gross floor area, excluding parking:

- The Altus Canadian Cost Guide (March 2025) suggests for *Vancouver*[9] a cost of $360 - $455, **with a mid-point of $408 per ft²**
- Butterfield Development Consultants Construction Cost Indicator[10] suggests a price of $465 per ft² *including underground parking*. If approximately $100 per ft² for parking construction is removed (see Section 2.3.4 below), that yields a cost of **about $365 per ft²**
- The Client provided project data on three recent concrete apartment projects in Downtown Victoria. These show construction costs of $464 - $536 per ft² *including underground parking*, with an average of $503 per ft². If approximately $100 per ft² for parking construction is removed (see Section 2.3.4 below), that yields a cost of **about $403 per ft²**
- Local experts interviewed by MPLE suggest a range of $500 - $510 per ft² including parking, or **$400 - $410 per ft².**

On the balance of these sources, MPLE assumes an apartment construction cost of **$400 per ft² of gross floor area, excluding parking or about $500 per ft² of gross floor area including parking.**

2.3.4 Underground Parking Construction Costs

MPLE typically models building construction costs and underground parking construction costs as two separate line items to allow for independent control of the two parameters. In this section for maximum clarity, we provide parking construction costs in per-ft², per stall, and per-ft²-buildable formats based on the following assumptions which are discussed in more detail in Section 3.2.2, pg. 20 - 21:

- Average unit size of 592 ft² in wood frame apartment buildings and of 616 ft² in concrete apartment buildings
- Underground parking stalls of 1.09 per unit in Downtown Victoria and 1.04 per unit in Shelbourne Valley. This is one stall per unit – which MPLE deems to be the minimal marketable amount in today's market – plus sufficient guest parking to satisfy the City of Victoria's and the District of Saanich's respective requirements
- 350 ft² of surface parking per stall.

[9] Because Altus does not address Victoria in its annual Construction Guide, this is not a very reliable indicator.

[10] Retrieved from https://www.bdconsultants.com/tools/ on 2025/08/04.

Informed by the above assumptions, several sources suggest underground parking construction costs ranging from (items equivalent):

- $143 - $290 per square foot
- About $50,000 - $102,000 per stall
- About $75 - $152 per ft^2 of gross building area, per Section 2.3.3 above.

These sources are as follows:

- The Altus Canadian Cost Guide (March 2025) suggests for *Vancouver*[11] a cost of (items equivalent:
    - $170 - $290, **with a mid-point of $230 per ft^2**
    - About $60,000 - $102,000, **with a mid-point of $81,000 per stall**
    - About $90 - $152 per ft^2 of gross building area, **with a mid-point of $121 per ft^2 of gross building area**, per Section 2.3.3 above
- Client-provided project data on three recent wood frame apartment projects in the Shelbourne Valley shows underground parking construction costs of (items equivalent):
    - $146 - $206, with **an average of $167 per ft^2**
    - $51,000 - $71,000 with **an average of $58,000 per stall**
    - About $77 - $108 per ft^2 of gross building area, with a mid-point of $88 per ft^2 of gross building area, per Section 2.3.3 above
- Local experts interviewed by MPLE suggest underground parking costs of as little as $50,000 per stall, although MPLE considers this extremely low**.**

On the balance of these sources, MPLE assumes the following apartment construction costs, which are roughly equivalent:

- **About $186 per ft^2 of underground parking**
- **$65,000 per stall**
- **About $100 per ft^2 of gross building area, per Section 2.3.3 above.**

2.4 Sales Prices

MPLE has drawn sales price data for brand new strata housing from several sources to produce a set of blended estimates for use in the financial analysis presented in Section 3.2.4, pg. 25. These are presented below by building type.

[11] Because Altus does not address Victoria in its annual Construction Guide, this is not a very reliable indicator.

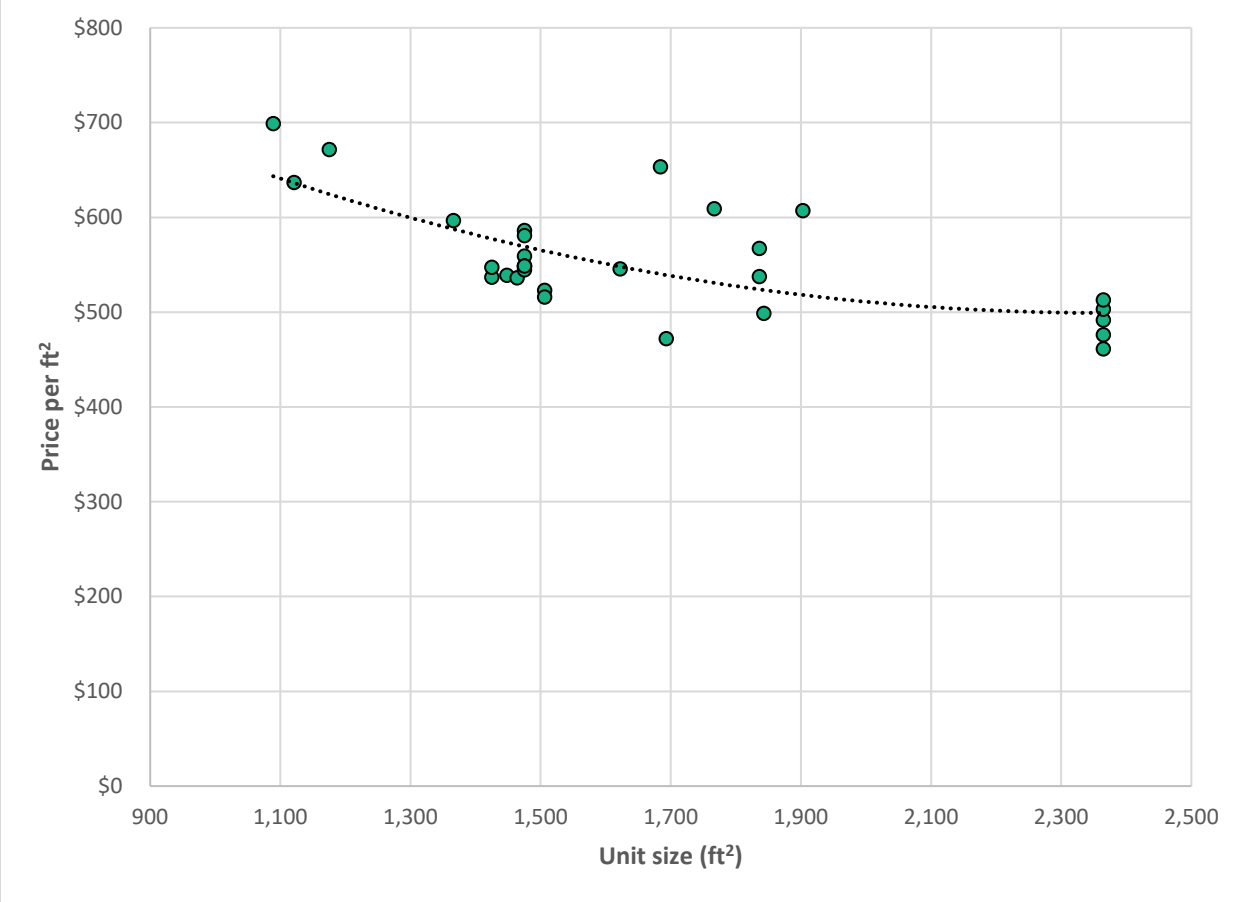
2.4.1 Townhouse Prices

Like construction costs, townhouse prices are communicated in dollars per square foot, such that the unit's parking garage or unfinished space is not included in the figure's denominator but is paid for by its numerator. Several sources suggest townhouse prices ranging from \$500 - \$692 per ft^2 or 750,000 – \$1 million for a 1,500 ft^2 unit:

- MPLE has approximated this study's West Shore Study Area by combining the following Multiple Listing Service (MLS) sub-areas:
    - Colwood, excluding the Lagoon and Royal Roads neighbourhoods
    - The following sub-areas of Langford:
        - Glen Lake
        - Jacklin
        - Langford Proper

    We have acquired data on all sales in this area from August 2024 – July 2025 of townhouses built since August 2023. This data is presented in Figure 2 below.

Figure 2: Sales price of new townhouses in the West Shore Study Area in the last year, per ft^2



The regression displayed in Figure 2 suggests a price of **\$566 per ft^2 or \$848,000 per unit**

- Client-provided project data on three recent West Shore townhouse projects shows sales prices of $569 - $692 per ft^2 with **an average of $624 per ft^2 or $936,000 per unit**
- Local experts interviewed by MPLE suggest townhouse prices in the mid-$500s per ft^2 or **$800,000 - $850,000 per unit**.

On the balance of these sources, MPLE assumes a townhouse price of **$565 per ft^2 or $848,000 per unit.**

2.4.2 Wood Frame Apartment Prices

Several sources suggest wood frame apartment prices ranging from $600 - $1,100 per square foot:

- Like townhomes in the West Shore, MPLE acquired data on all sales in the Shelbourne Valley from August 2024 – July 2025 of wood frame apartments built since August 2023. Unfortunately, there were too few sales during this time to draw conclusions
- As an inferior replacement for sales data, MPLE gathered all current sales listings in late July 2025 for wood frame apartments in the Shelbourne Valley built since 2005. These are displayed in Figures 3 and 4 below.

Figure 3: Listing price of wood frame apartments in the Shelbourne Valley per ft^2, versus year built

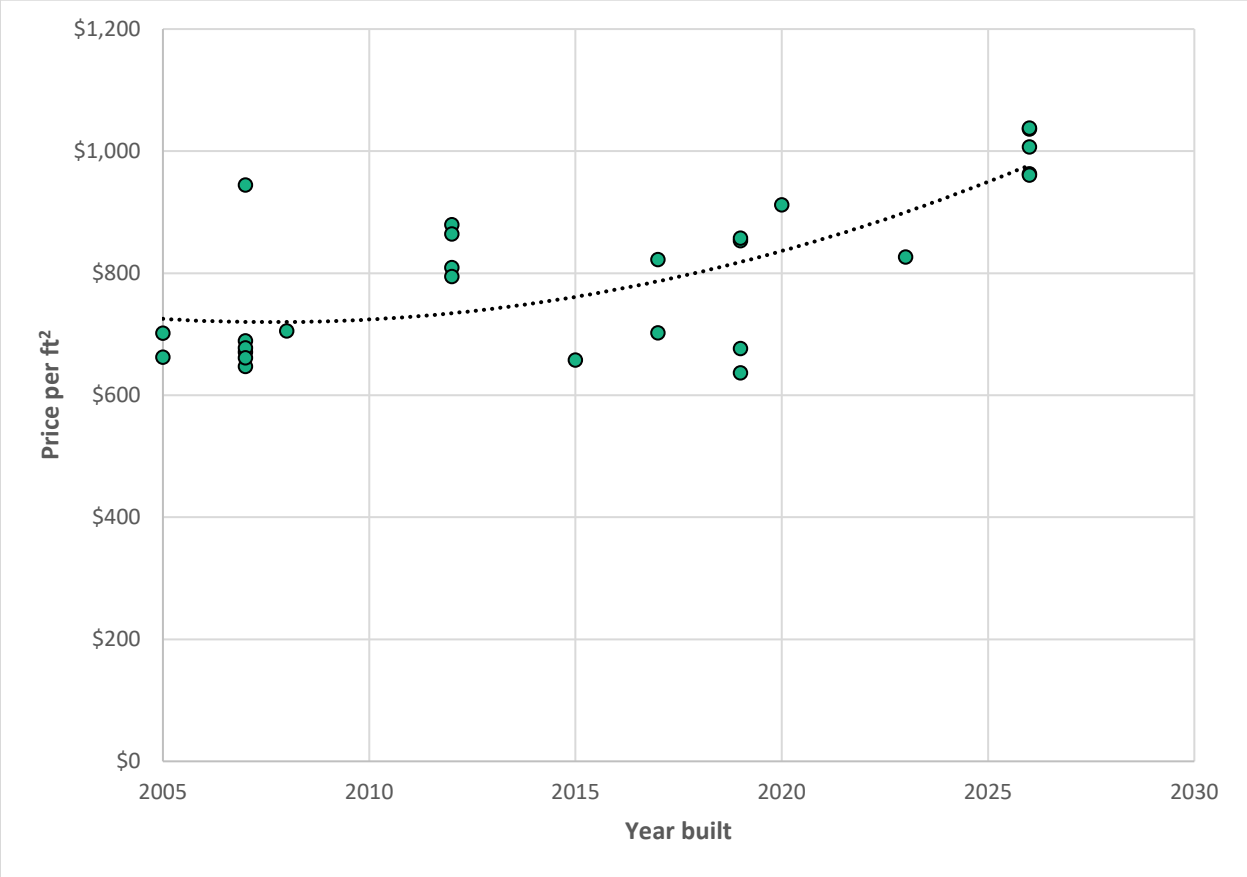
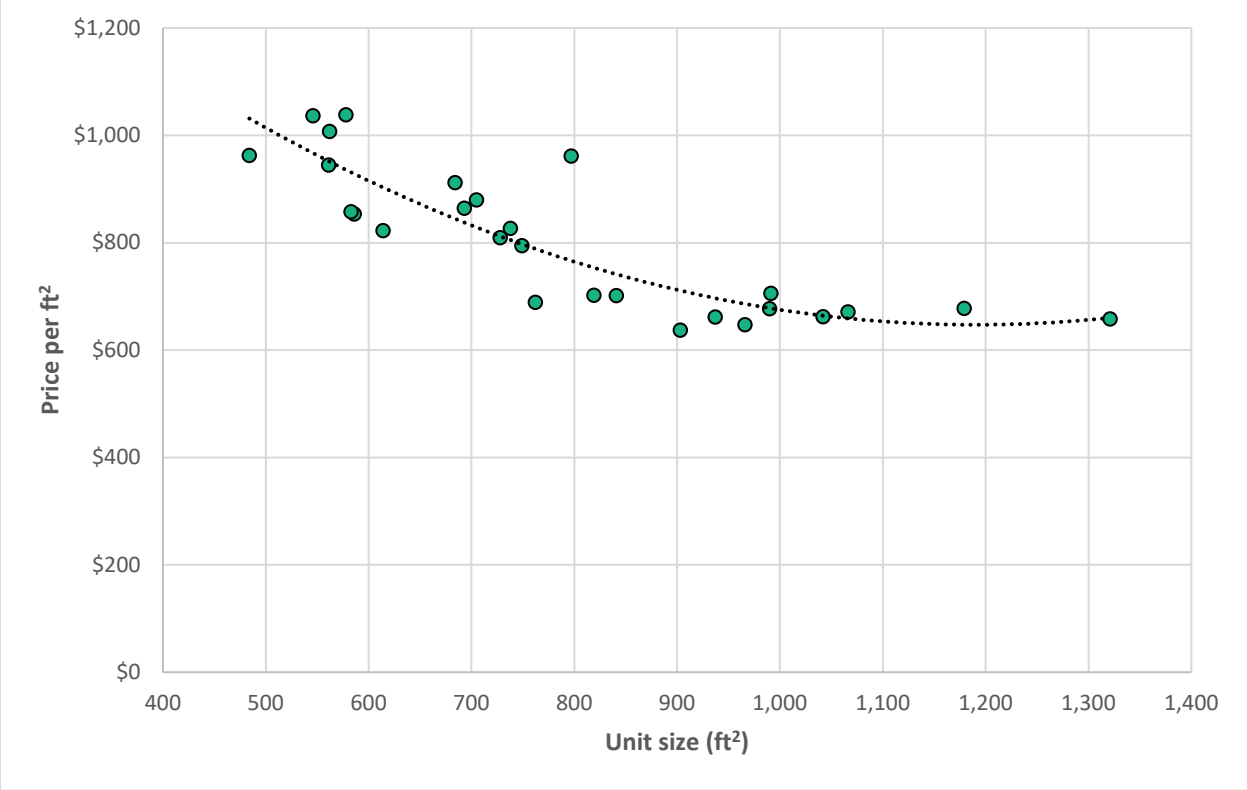


Figure 3 suggests a price for new wood frame apartments of about $1,000 per square foot.

Figure 4: Listing price of wood frame apartments in the Shelbourne Valley per ft^2, versus unit size



Performing a multivariate regression based on the data presented in Figures 3 and 4 above suggests the following prices:

- **Studio of 440 ft^2: $1,099 per ft^2 or $484,000 per unit**
- **1-bedroom of 520 ft^2: $1,035 per ft^2 or $538,000 per unit**
- **2-bedroom of 750 ft^2: $887 per ft^2 or $665,000 per unit**

Local experts suggest that listing prices are an accurate reflection of expected sales prices in this case.

- Client-provided project data on three recent wood frame apartment projects in the Shelbourne Valley shows prices of $943 - $1,019 per ft^2 with **an average of $985 per ft^2.**

On the balance of these sources, MPLE assumes the following wood frame apartment prices:

- **Studio of 440 ft^2: $1,100 per ft^2 or $484,000 per unit**
- **1-bedroom of 520 ft^2: $1,035 per ft^2 or $538,000 per unit**
- **2-bedroom of 750 ft^2: $885 per ft^2 or $664,000 per unit**
- **Average price: $971 per ft^2 or $575,000 per unit.**

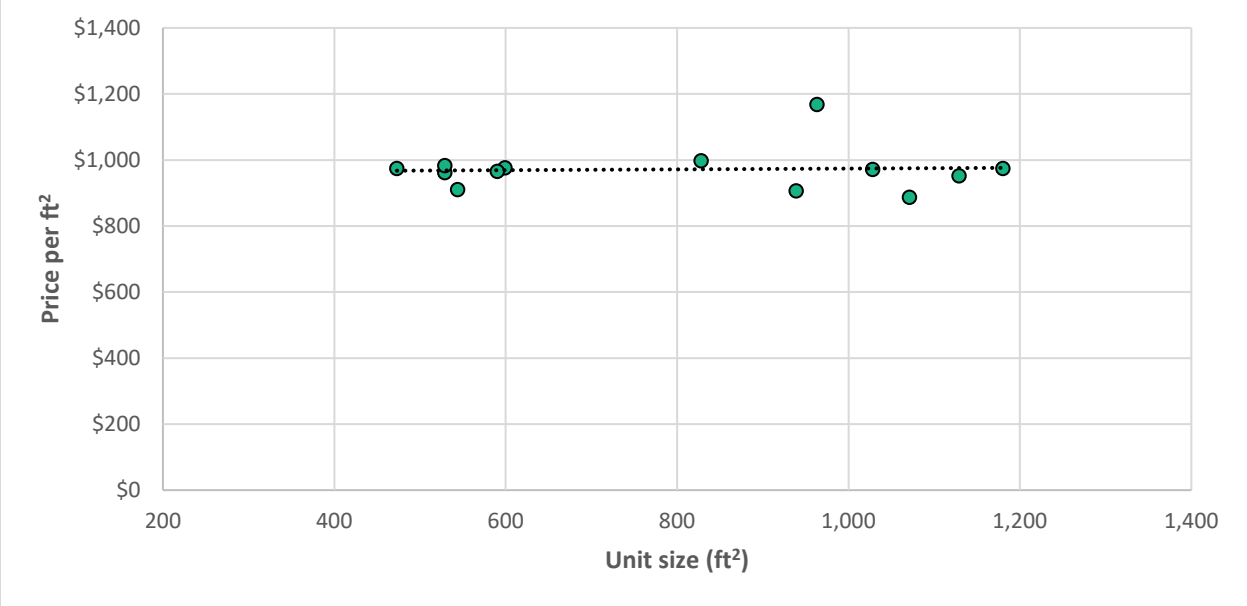
It may be counterintuitive that per-square-foot sales prices for studio and 1-bedroom wood frame apartments in the Shelbourne Valley are greater than sales prices for similarly-sized concrete apartments in Downtown Victoria (see Section 2.4.3 below), but this appears to be correct and is likely the result of high demand for smaller units near the University of Victoria.

2.4.3 Concrete Apartment Prices

Several sources suggest concrete apartment prices ranging from $800 - $1,000 per ft^2:

- MPLE has approximated Downtown Victoria by combining the Multiple Listing Service (MLS) sub-areas of Downtown and Central Park. We have acquired data on all sales in this area from August 2024 – July 2025 of apartments in concrete buildings built since August 2023. This data is presented in Figure 5 below.

Figure 5: Sales price of new concrete apartments in Downtown Victoria in the last year, per ft^2:



The sales data presented in Figure 5 suggest no strong relationship between unit size and price per square foot among concrete apartments in Downtown Victoria, with an average of about $972 per ft^2 achieved at all unit sizes. This is a rare condition that suggests a shortage of larger apartments in concrete strata developments. By comparison, price per square foot does appear to be a function of building age, with apartments built in 2023 showing an average price of $945 per ft^2 and apartments built in 2024 showing an average price of $994 per ft^2. Since we are modelling the sale of brand new units, this latter amount of **$994 per ft^2 is suggested**

- Client-provided project data on three recent concrete apartment projects in Downtown Victoria shows prices of **$971 per ft^2 on average.**

- Local experts interviewed by MPLE suggest a price range of **$800 - $1,000 per ft^2.**

On the balance of these sources, MPLE assumes the following concrete apartment prices:

- **Studio of 450 ft^2: $970 per ft^2 or $437,000 per unit**
- **1-bedroom of 525 ft^2: $970 per ft^2 or $509,000 per unit**
- **2-bedroom of 795 ft^2: $970 per ft^2 or $771,000 per unit**
- **3-bedroom of 1,075 ft^2: $970 per ft^2 or $1.04 million per unit**
- **Average price: $970 per ft^2 or $598,000 per unit.**

2.5 Rental Rates

MPLE has drawn rental rate data for brand new apartments from several sources to produce a set of blended estimates for use in the financial analysis presented in Section 3.2.4, pg. 26. These are presented below by building type. Note that the rental market is extremely price sensitive, which tends to equalize market rents between similarly sized units regardless of neighbourhood and building type.

On the balance of the sources shown below, MPLE assumes the following monthly rental rates for all new apartments under analysis:

- **Studio: $4.55 per ft^2 or $2,002 - $2,048 per unit**
- **1-bedroom: $4.50 per ft^2 or $2,340 - $2,363 per unit**
- **2-bedroom: $4.45 per ft^2 or $3,338 - $3,538 per unit**
- **3-bedroom: $4.30 per ft^2 or $4,623 per unit**

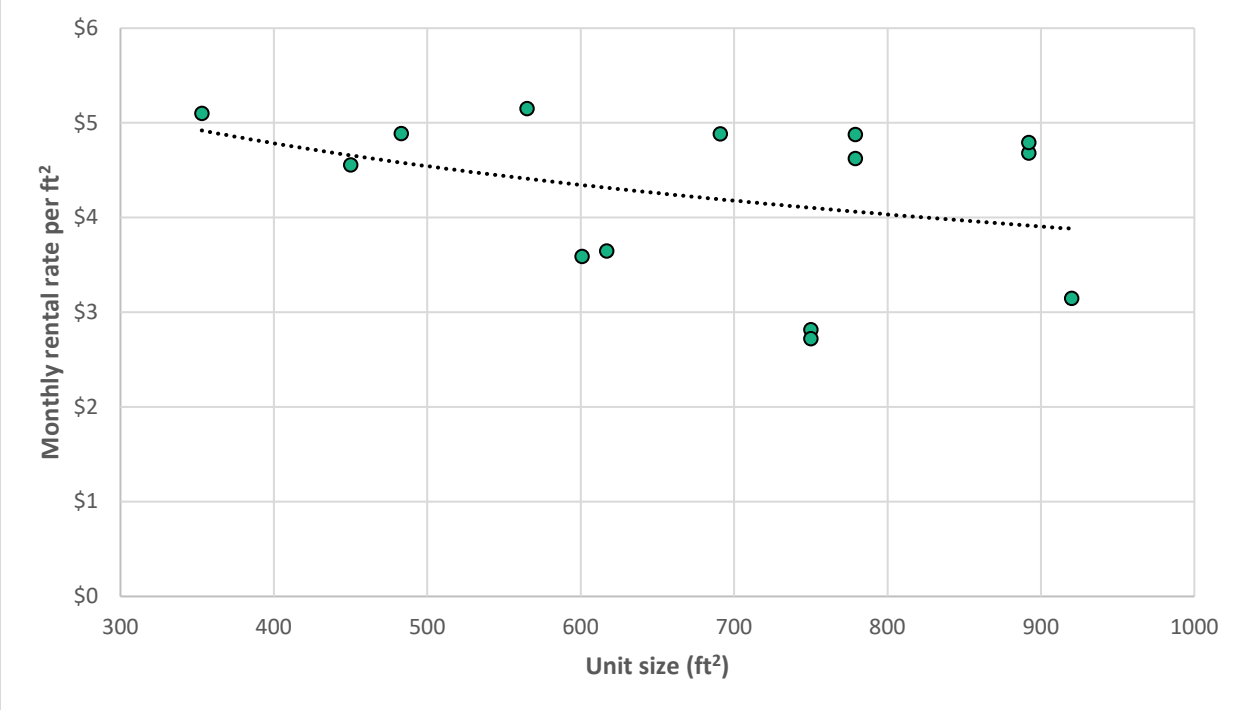
As with sales prices, we encounter in this data the surprising observation that per-square-foot rental rates for studio and 1-bedroom wood frame apartments in the Shelbourne Valley are equal in value to rental rates for similarly-sized concrete apartments in Downtown Victoria. Again, this appears to be correct and is likely the result of high demand for rental housing near the University of Victoria.

2.5.1 Wood Frame Rental Rates

Several sources suggest wood frame apartment rental rates ranging from $4.11 - $5.17 per ft^2:

- MPLE gathered all rental listings for apartments in wood-frame apartment buildings in the Shelbourne Valley. This data is presented in Figure 6 below.

Figure 6: Monthly rental listing price of wood frame apartments in the Shelbourne Valley per ft^2



Assuming that brand new units would tend to be among the pricier of those shown in Figure 6, rental listing data suggests the following monthly rental rates:

- **Studio of 440 ft^2: $5.08 per ft^2 or $2,237 per unit**
- **1-bedroom of 520 ft^2: $4.90 per ft^2 or $2,550 per unit**
- **2-bedroom of 750 ft^2: $4.51 per ft^2 or $3,380 per unit**

- University Heights is a new wood frame purpose-built rental building at 1520 McKenzie Avenue in the Shelbourne Valley (see Figure 7 below).

Figure 7: University Heights

It advertises:

- Units ranging in size from 353 – 892 ft^2
- Monthly rental rates ranging from $4.11 - $5.17 per ft^2 with most falling in the upper-mid-$4 range
- Monthly rental rates ranging from $1,800 - $4,175 per unit, with most falling in the $2,000 - $3,000 per month range

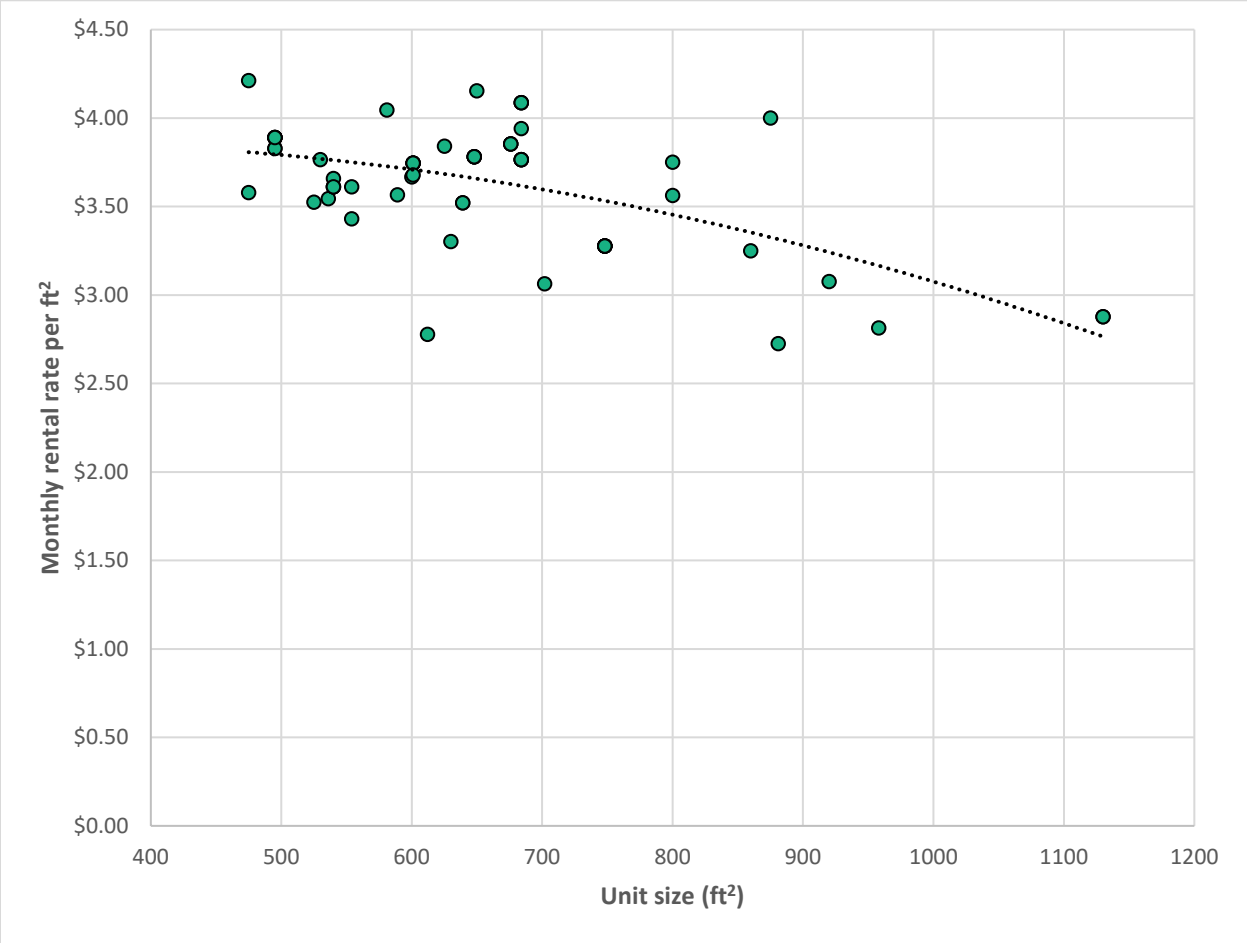
- Local experts interviewed by MPLE suggest that market rental rates **should not exceed $4.25 per ft^2.**

2.5.2 Concrete Rental Rates

Several sources suggest concrete apartment rental rates ranging from $3.15 - $4.85 per ft^2:

- MPLE gathered all rental listings for apartments in concrete apartment buildings in Downtown Victoria. This data is presented in Figure 8 below

Figure 8: Monthly rental listing price of concrete apartments in Downtown Victoria per ft^2



Assuming that brand new units would tend to be among the pricier of those shown in Figure 8, rental listing data suggests the following monthly rental rates:

- **Studio of 450 ft^2: $4.07 per ft^2 or $1,831 per unit**
- **1-bedroom of 525 ft^2: $4.02 per ft^2 or $2,112 per unit**
- **2-bedroom of 795 ft^2: $3.71 per ft^2 or $2,950 per unit**
- **3-bedroom of 1,075 ft^2: 3.15 per ft^2 or $3,388 per unit**

- Client-provided project data on three recent concrete apartment projects in Downtown Victoria shows monthly rental rates of **$4.15 - $4.85 per ft^2 or $2,000 - $4,250 per unit**

- Local experts interviewed by MPLE suggest that market rental rates **should not exceed $4.25 per ft^2.**

3 Financial Analysis

MPLE has developed a financial model analyzing the development economics of hypothetical sites under several scenarios of land use, location, tenure, and density. The purpose of this model is to measure the expected impact of the CRD's proposed Water Supply DCCs on project economics throughout the region.

3.1 Methodology

This analysis uses a standard developer proforma wherein estimates of revenues and costs are inputs and the remaining variable is the desired output. In typical proformas this output is usually profit, following a revenue minus costs equals profit formula. For the purposes of this analysis, the desired output is land value: we have applied known cost, revenue, and timing parameters to determine the land price that a developer could afford to pay for each hypothetical site while still maintaining an acceptable level of profit. This supported land value may also be compared to market benchmarks such as current market prices or neighbourhood single family lots to determine a project's economic viability. This study measures the impact of the CRD's proposed Water Supply DCCs on each scenario's supported land value to assess the likely impact of these anticipated cost increases.

To calculate a residual land valuation, an assumption on developer's return needs to be included in order to leave the land value as the variable to solve for. For this analysis MPLE determines the residual value based on the developer achieving acceptable project performance. The performance metric and target values used vary by tenure use as follows:

- For strata residential: profit of 15% on total project costs
- For rental residential: annual internal rate of return (IRR)[12] to total project costs of 6.25%.

MPLE has prepared a financial analysis of five scenarios, each both with and without the CRD's proposed Water Supply DCCs:

- A three-storey wood frame townhouse project located in the Westshore area
- A six-storey wood frame apartment building with one level of underground parking built at an FSR of 2.5, located in the Shelbourne Valley of Saanich. We have modelled two tenures:
    - Strata
    - Rental
- A 30-storey concrete high-rise apartment building located in Downtown Victoria. We have modelled two tenures:
    - Strata
    - Rental.

[12] The internal rate of return (IRR) is the interest rate of a hypothetical asset that produces interest at the same pace as the project in question. A measure of project performance. A higher IRR represents faster profit, or greater profit over the same timeframe. IRR is a better measure of project viability than simple profit-to-cost for projects that generate revenue over a long timeframe because the former reflects the time value of money whereas the latter does not.

3.2 Assumptions

This section reviews the assumptions that drive the financial analysis and upon which this study's conclusions are based.

3.2.1 Development Site Assumptions

For each of the three built form scenarios under analysis (townhouse, wood frame apartments, and concrete apartments), the Client has provided a selection of realistic development sites whose location, size, context, and other characteristics are assumed to be an appropriate basis for the forming of scenario assumptions. These nine sites – most of which contain multiple parcels – are summarized below.

Table 1: Example sites provided by Client[13]

Scenario	Site	Address	BC Assessment	Land area (ft^2)
Townhouse	1	3145 Metchosin Road	$1,430,000	36,155
	2	3439 Trumpeter Street	$4,724,000	80,412
	3	641 Latoria Road	$2,265,000	77,624
Wood frame apartment	4	4021 Shelbourne Street	$1,851,000	33,236
	5	4025 Shelbourne Street	$1,061,000	13,418
		4031 Shelbourne Street	$1,200,000	9,810
	6	975 McKenzie Avenue	$921,000	9,009
		981 McKenzie Avenue	$834,500	9,009
		985 McKenzie Avenue	$922,500	9,009
Concrete apartment	7	815 Fort Street	$5,387,600	13,657
		1019 Blanshard Street	$5,392,000	13,433
		804 Broughton Street	$4,906,100	12,490
		1009 Blanshard Street	$882,000	1,836
	8	1125 Blanshard Street	$4,824,000	12,608
		1115 Blanshard Street	$927,000	1,801
		810 Fort Street	$3,667,000	6,727
		1107 Blanshard Street	$5,851,000	6,729
	9	785 Pandora Avenue	$2,323,000	7,173
		791 Pandora Avenue	$3,408,000	7,168

Combining the data in Table 1 produces the following blended characteristics, which MPLE assumes will be typical among development sites of these types in the next few years, and which are applied in the financial model:

- Hypothetical townhouse site on the West Shore with land area of 64,730 ft^2 (1.49 ac) and a BC Assessment land value of $2.81 million

[13] All townhouse sites are located in Colwood, all wood frame apartment sites are located in Saanich, and all concrete apartment sites are located in Victoria.

- Hypothetical wood frame apartment site in Shelbourne Valley with land area of 27,879 (0.64 ac) and a BC Assessment land value of $2.26 million
- Hypothetical concrete apartment in Downtown Victoria with land area of 27,879 (0.64 ac) and a BC Assessment land value of $13.5 million.

BC Assessment land valuation does not appear in the financial model as an input, but is relevant in Section 3.3 to interpret the model's results.

3.2.2 Built Form Assumptions

MPLE applies the following built form assumptions:

- Townhouse: FSR of 1.2 and average unit size of 1,500 ft^2 to produce a total of 52 units[14]
- Wood frame apartments:
    - Unit composition and sizes as presented in Table 2, all of which is drawn from Client-provided project data on three recent wood frame apartment projects in the Shelbourne Valley:

Table 2: Unit composition and sizes in wood frame apartment scenarios

	Share of units	Average size (ft^2)
Studio	25%	440
1 bedroom	35%	520
2 bedroom	40%	750
3 bedroom	-	n/a
Average		**592**

    - Building efficiency[15] of 85%
    - FSR of 2.5 to produce a total of 100 units[14]
    - Although the Client originally instructed MPLE to assume a parking ratio of 0.8 underground parking stalls per unit, our market research suggests that a parking ratio of one stall per unit plus visitor parking is the minimum marketable amount. We therefore apply a parking ratio of 1.04, which is 1.0 plus sufficient guest parking to satisfy the District of Saanich's requirements
- Concrete apartments:
    - Unit composition and sizes as presented in Table 3, all of which is drawn from Client-provided project data on three recent concrete apartment projects in Downtown Victoria:

[14] As instructed by the Client

[15] A building's net saleable or net leasable area divided by its gross floor area

Table 3: Unit composition and sizes in wood frame apartment scenarios

	Share of units	Average size (ft^2)
Studio	5%	450
1 bedroom	65%	525
2 bedroom	25%	795
3 bedroom	5%	1,075
Average		**616**

- Building efficiency of 85%
- FSR of 6.0 to produce a total of 231 units[16]
- Our market research suggests that a parking ratio of one stall per unit plus visitor parking is the minimum marketable amount. We therefore apply a parking ratio of 1.09 underground parking stalls per unit, which is 1.0 plus sufficient guest parking to satisfy the City of Victoria's requirements.

3.2.3 Project Cost Assumptions

For purposes of financial analysis, MPLE has made the following assumptions regarding project costs:

- Lands costs:
  - Land price as required to achieve performance targets defined in Section 3.1, pg. 18
  - Property transfer tax[17]
  - Additional closing costs of $50,000
- Hard costs:
  - Site servicing:[18]
    - Townhouse: $570,000
    - Wood frame apartments: $150,000
    - Concrete apartments: $1.9 million
  - Servicing connections: $250,000 [18]
  - Building construction (see Section 2.3, pg. 8 – 10):
    - Townhouse: $265 per ft^2
    - Wood frame apartments: $350 per ft^2
    - Concrete apartments: $400 per ft^2
  - Underground parking (see Section 2.3.4, pg. 9 – 10): $65,000 per stall

[16] As instructed by the Client

[17] Property transfer tax is defined here: https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax

[18] Drawn in all three cases from Client-provided project data of the relevant types

- Furniture, fixtures, and equipment:[19]
  - Townhouse: none
  - Wood frame apartments: $70,000
  - Concrete apartments: $360,000
- Landscaping, signage, and lighting:[19]
  - Townhouse: $3.5 million
  - Wood frame apartments: $940,000
  - Concrete apartments: $55,000
- Hard cost contingency of 10% of all hard cost items above

- Soft costs:
  - Project management: 2% of project costs
  - Architect fee: 1% of building construction costs, including contingency
  - Engineering fee: 1% of hard costs
  - Other consultants: 0.5% of hard costs
  - Research and appraisal: $20,000
  - Surveying: $20,000
  - Accounting: $20,000
  - Legal costs: $1,000 per unit
  - Insurance: hard costs times 0.15% plus 0.03% for each month of construction (see financing costs below)
  - Rezoning costs, from municipal Fees and Charges Bylaws:
    - Townhouse (Colwood): about $12,500
    - Wood frame apartments: about $2,000
    - Concrete apartments: about $50,000
  - Development permit fees:
    - Townhouse: $3,453 plus $0.62 per m^2 of gross building area, or $7,927 total
    - Wood frame apartments: $1,700 in various expenses plus $1 per m^2 of gross building area, or $8,175 total
    - Concrete apartments: $6,000 plus $2.5 per m^2 of gross building area, or $44,852 total

[19] Drawn in all three cases from Client-provided project data of the relevant types

- Building permit fees:
    - Townhouse: $4,738 plus 0.8% of building and parking construction costs, or $182,000 total
    - Wood frame apartments: $8,234 plus 1.25% of building and parking construction costs, or $430,000 total
    - Concrete apartments: $8,000 plus 1.4% of building and parking construction costs, or $1.28 million
- Existing DCCs:
    - Townhouse: $14,803 per unit
    - Wood frame apartments: $8,436 per unit
    - Concrete apartments: $10,207 per unit
- Proposed CRD Water Supply DCCs – notably this is the testing condition which is present in some tested scenarios and not others. MPLE understands that it will be applied over and above the existing DCCs described above:
    - Townhouse: $7,914 per unit, a DCC increase of 53%
    - Wood frame apartments: $5,087 per unit, a DCC increase of 60%
    - Concrete apartments: $5,087 per unit, a DCC increase of 50%
- Amenity contributions:
    - Colwood seeks no community amenity contributions or amenity cost charges (ACCs) from development
    - Neither the District of Saanich or the City of Victoria expect community amenity contributions or ACCs from purpose-built rental projects
    - Both the District of Saanich and the City of Victoria expect community amenity contributions from strata development in proportion to the development's increase in residual land value (land lift) compared to its current zoning. As discussed in Section 3.3, the strata apartment projects under analysis support less land value than their current zoning, making this expected cost zero in all cases
- School site acquisition charges:
    - Colwood does impose school site acquisition charges equal in this case to $800 per townhouse unit, or $41,600 total
    - The District of Saanich (wood frame apartment scenarios) and the City of Victoria (concrete apartment scenarios) do not impose school site acquisition charges

- GST:
    - For strata projects, MPLE assumes that GST is paid by the purchaser so it does not appear as a developer cost
    - For rental projects, MPLE applies GST equal to 5% of each unit's total value upon completion, excluding those units with value of less than $450,000, per the Federal Government's GST rebate policy[20]. This amounts to $1.26 million in wood frame apartment scenarios and $2.44 million in concrete apartment scenarios
- Utilities during construction: $10,000
- Property taxes during planning, construction, and sales phases
- Advertising and promotion costs equal to 2% of project value at completion
- New home warranty: $2,000 per dwelling
- Post-construction strata fee: $2,000 per sold unit
- Post-construction customer service: $2,000 per dwelling
- Corporate overhead: 2% of total project costs
- Miscellaneous soft costs: 2% of all soft cost items above
- Soft cost contingency: 10% of all soft cost items above

- Financing costs:
    - Planning time:
        - Townhouse: 12 months
        - Apartments: 18 months
    - Construction time:
        - Townhouse: 12 months
        - Apartments: 18 months
    - Interest rate: 6.49% (prime plus 1.5%)

[20] Source: Government of Canada (2025). GST/HST new residential rental property rebate. Retrieved from https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/gst-hst-rebates/new-residential-rental-property-rebate.html

- Loan to value ratio:[21]
  - Land loan: 50%
  - Construction loan: 75%

- Takeout financing:[22]
  - Debt service cost ratio:[23] 1.25
  - Amortization: 25 years.

3.2.4 Revenue Assumptions

For purposes of financial analysis, MPLE has made the following assumptions regarding project revenues (see Sections 2.4 & 2.5, pg. 10 – 17):

- Strata prices:

  - Townhouse: $565 per ft^2 or about $848,000 per unit

  - Wood frame apartments:
    - Studio: $1,100 per ft2 or $484,000 per unit
    - 1-bedroom: $1,035 per ft2 or $538,000 per unit
    - 2-bedroom: $885 per ft2 or $664,000 per unit
    - Average price: $971 per ft2 or $575,000 per unit

  - Concrete apartments:
    - Studio: $970 per ft2 or $437,000 per unit
    - 1-bedroom: $970 per ft2 or $509,000 per unit
    - 2-bedroom: $970 per ft2 or $771,000 per unit
    - 3-bedroom: $970 per ft2 or $1.04 million per unit
    - Average price: $970 per ft2 or $598,000 per unit

  - Sales commission of 3% on all products above

[21] For projects or portions of projects producing products for sale (strata scenarios in our case), the magnitude of financing available is determined by the loan to value ratio, which is the ratio of the amount borrowed (loan) versus total project costs (value).

[22] For projects or portions of projects that are held as revenue-generating properties upon completion (rental scenarios in our case), the available financing – called "takeout financing" – is a mortgage against the project's normalized net income.

[23] The debt service cost ratio is the ratio of normalized net income to mortgage payments within a given duration.

- Rental apartments:
    - Monthly rental rates:
        - Wood frame apartments:
            - Studio: $4.55 per ft^2 or $2,002 per unit
            - 1-bedroom: $4.50 per ft^2 or $2,340 per unit
            - 2-bedroom: $4.45 per ft^2 or 3,338 per unit
            - Average rent: $4.48 per ft^2 or $2,655 per unit
        - Concrete apartments:
            - Studio: $4.55 per ft^2 or $2,048 per unit
            - 1-bedroom: $4.50 per ft^2 or $2,363 per unit
            - 2-bedroom: $4.45 per ft^2 or $3,338 per unit
            - 3-bedroom: $4.30 per ft^2 or $3,538 per unit
            - Average rent: $4.47 per ft^2 or $2,754 per unit
    - Vacancy rate:
        - First year: 5%
        - Second year: 2%
        - Ongoing: 1%
    - Operating costs equal to 30% of gross income
    - Periodic structural maintenance of $7.5 per ft^2 every five years
    - Annual capitalization rates:[24]
        - At present: 4.25% [25]
        - At disposition, after 30 years of operation: 7%.

[24] The capitalization rate of a revenue-generating asset is the amount of net revenue it produces in a given time-period (typically one year, as in this case), divided by the sale value of that asset. A lower capitalization rate indicates a higher sales price. Capitalization rates are therefore a measure of investor appetite.

[25] Source: Altus Canadian Cap Rate Guide for Q1 2025.

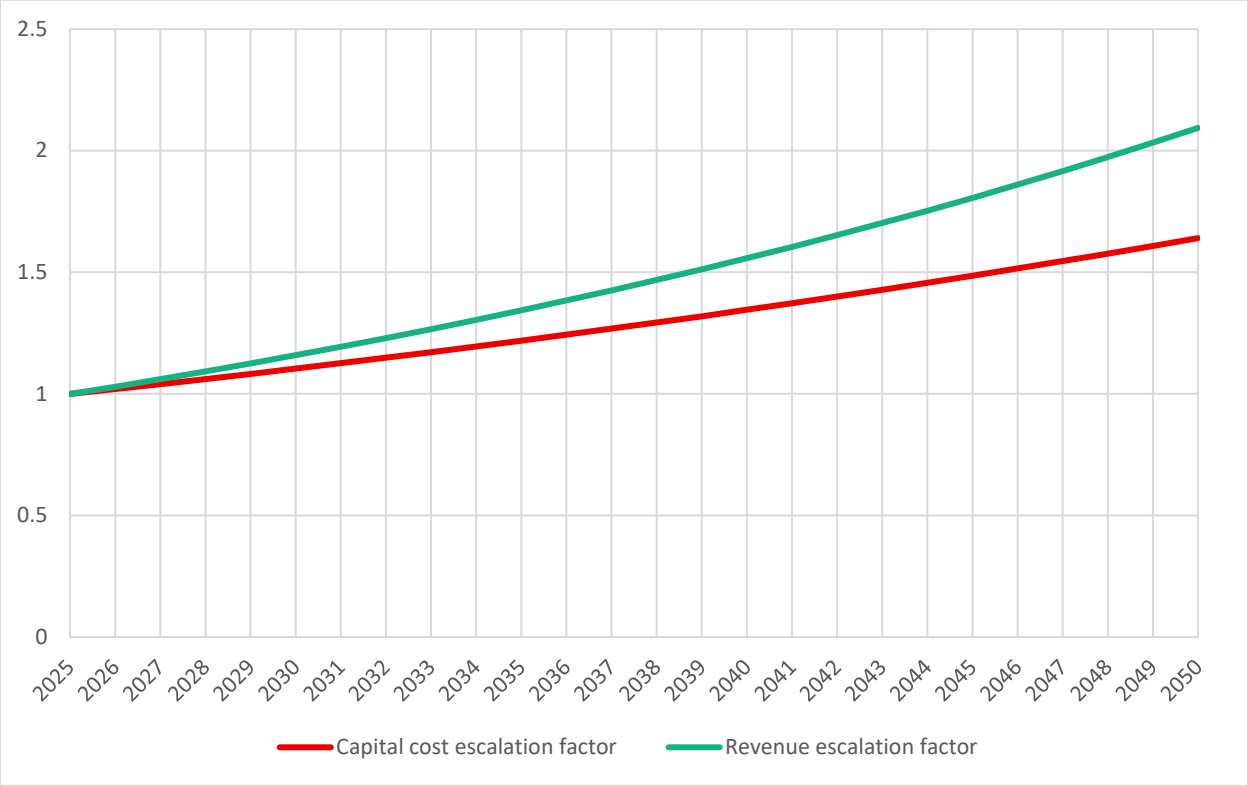
3.2.5 Timing Assumptions

This analysis aims to identify which development scenarios among those described above are viable under today's market conditions and which would be viable if the CRD's proposed Water Supply DCC is imposed.

For each scenario that is not economically viable, we aim to comment on how long it might take to become viable. This projected recovery period is another economic viability metric that the proposed Water Supply DCC might impact.

We model economic recovery by assuming that revenue and operating cost factors increase at 3% annually (this is a conservative estimate; the average annual rate of price escalation in the CRD is about 6%[26]) while project costs increase at only 2% annually (the Bank of Canada's inflation target). As revenues increase faster than costs, projects that are not viable can become viable in time. A greater spread between revenue increase and cost increase would produce more rapid recovery, while a smaller spread would yield a slower recovery. Projected revenue and cost levels compared to 2025 are indicated in Figure 9 below.

Figure 9: Projected cost and revenue escalation over time



Another form of escalation is rental rate escalation once a building is completed and operating. MPLE assumes rental rates will increase but slow down as a building ages. We assumed 3% rental rate escalation for the first twenty years followed by 2.5% rental rate escalation for the next ten years.

[26] Source: Canadian Real Estate Association (2005). Housing Price Index Tool: https://www.crea.ca/housing-market-stats/mls-home-price-index/hpi-tool/

3.3 Results

Applying the assumptions presented in Section 3.2 allows us to identify each scenario's supported land value. This may be compared to market benchmarks to determine project viability. MPLE has selectively applied the following land value benchmarks as appropriate:

- Each site's current BC Assessment value (see Table 1, pg. 19), including both land and improvements, plus an additional 10% to reflect land assembly costs. MPLE assumes that this amount reflects what a developer would be expected to pay today for each development site:
    - Townhouse site: $3.09 million for 1.49 ac
    - Wood frame apartment site: $2.49 million for 0.64 ac
    - Concrete apartment site: $14.8 million for 0.64 ac
- The per-acre BC Assessment value of nearby single-family lots, excluding improvements, plus an additional 10% to reflect land assembly costs. Market land prices for development land can decrease over time if project viability remains poor and prospective projects are unable to support existing higher land values. If the CRD's development industry remains in its current state of poor project viability for many years, MPLE would expect land prices to start dropping as a result of developers being able to afford current prices. However, we do not expect development land prices to fall below the value of single family land in each neighbourhood, so this single family land price can be treated as a reasonable lower bound for falling development land prices, and serves as a second land value benchmark more appropriate for a worst-case scenario in the medium term. These benchmark land values are as follows:
    - Townhouse site: $2.65 million for 1.49 ac
    - Wood frame apartment site: $3.41 million for 0.64 ac
    - Concrete apartment site: $4.36 million for 0.64 ac.

3.3.1 Townhouse Results

Under present market conditions, the townhouse scenario supports land value of **$1.24 million**. This would be a viable project if the developer already possessed the land, but it is not properly viable because it supports less land value than the site's market price ($3.09 million) or even its market price after medium-term correction ($2.65 million).

If proposed CRD Water Supply DCCs are imposed, the scenario's supported land value drops to **$802,000**.

Based on the timing assumptions presented in Section 3.2.5 above, MPLE projects that this scenario will become viable in about 6 years if the proposed DCCs are not imposed, or 7 years if the proposed DCCs are imposed. **The proposed DCCs represent a delay of about one year of economic recovery, which is a 17% slower recovery.**

3.3.2 Wood Frame Strata Apartment Results

Under present market conditions, the wood frame strata scenario supports land value of **$960,000**. This would be a viable project if the developer already possessed the land, but it is not properly viable because it supports less land value than the site's market price ($2.49 million).

If proposed CRD Water Supply DCCs are imposed, the scenario's supported land value drops to **$433,000**.

Based on the timing assumptions presented in Section 3.2.5, MPLE projects that this scenario will become viable in about 4 years if the proposed DCCs are not imposed, or 5 years if the proposed DCCs are imposed. **The proposed DCCs represent a delay of about one year of economic recovery, which is a 25% slower recovery.**

3.3.3 Wood Frame Rental Apartment Results

This is a viable development scenario. Under present market conditions, the wood frame rental scenario supports land value of **$4.50 million**, which exceeds the site's market value of $2.49 million and is therefore an economically viable project. If proposed CRD Water Supply DCCs are imposed, the scenario's supported land value drops to **$4.00 million**, which is still viable.

We concluded that the proposed DCCs are not expected to deter development of this type in this location.

3.3.4 Concrete Strata Apartment Results

This is an extremely challenged development scenario. Under present market conditions, the concrete strata scenario supports land value of **negative $17.0 million**. This would not be a viable project even if the developer received the land for free; indeed, this project would require a subsidy of $17 million to be viable.

If proposed CRD Water Supply DCCs are imposed, the scenario's supported land value drops further to **negative $18.2 million** (a subsidy of $18.2 million would be required for project viability).

Based on the timing assumptions presented in Section 3.2.5, MPLE projects that this scenario will support land value of $4.36 million (its lower benchmark) in 22 years if the proposed DCCs are not imposed, or 23 years if the proposed DCCs are imposed. **The proposed DCCs represent a delay of about one year of economic recovery, which is a 5% slower recovery.**

3.3.5 Concrete Rental Apartment Results

Under present market conditions, the concrete rental scenario supports land value of **$3.6 million**. This would be a viable project if the developer already possessed the land, but it is not properly viable because it supports less land value than the site's market price ($14.8 million) or even its market price after medium-term correction ($4.36 million).

If proposed CRD Water Supply DCCs are imposed, the scenario's supported land value drops to **$2.5 million.**

Based on the timing assumptions presented in Section 3.2.5, MPLE projects that this scenario will support land value of $4.36 million (its lower benchmark) in 5 years if the proposed DCCs are not imposed, or 6 years if the proposed DCCs are imposed. **The proposed DCCs represent a delay of about one year of economic recovery, which is a 20% slower recovery.**

3.3.6 Results Summary

Table 4: Expected wait time until project viability (years)

	Expected wait time		Impact of Water DCC	
	Without DCC	With DCC	Years	% increase
Townhouse	6	7	1	17%
Wood frame apartment (strata)	4	5	1	25%
Wood frame apartment (rental)	Viable	Viable	n/a	n/a
Concrete apartment (strata)	22	23	1	5%
Concrete apartment (rental)	5	6	1	20%

Of the five scenarios analyzed by MPLE, four are not viable under current market conditions because they support less land value than the land's market price. Assuming a middle-of-the-road economic recovery trajectory, all of these scenarios are expected to recover, but their recovery will be delayed by about one year if the proposed CRD Water Supply DCC is imposed:

- Townhouses on the West Shore: from six years of recovery to seven years (17% slower)
- Wood frame strata in Shelbourne Valley: from four years of recovery to five years (25% slower)
- Concrete strata in Downtown Victoria: from 22 years of recovery to 23 years (5% slower)
- Concrete rental in Downtown Victoria: from five years of recovery to six (20% slower).

The only analyzed scenario not adversely affected by the proposed DCC rates is wood frame rental apartments in Shelbourne Valley, which MPLE believes is an unusual case due to its desirable location next to the University of Victoria.

Making a difference...together

REPORT TO REGIONAL WATER SUPPLY COMMISSION
MEETING OF NOVEMBER 19, 2025

SUBJECT **Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw - Update and Next Steps**

ISSUE SUMMARY

To provide the Regional Water Supply Commission (Commission) with an update on the proposed Development Cost Charge (DCC) Program and Bylaw, and to seek the Commission's direction regarding the Municipal Assist Factor (MAF) and the preparation of a draft DCC Bylaw for consideration at a future meeting.

BACKGROUND

The Regional Water Supply Commission (Commission) began considering a Development Cost Charge (DCC) program and bylaw with the launch of the 2017 Regional Water Supply Strategic Plan, approving initial capital funding in 2020. Since then, the Capital Regional District (CRD) has progressed through various phases of DCC program development, as outlined in previous staff reports (see Appendix A for a summary of past and planned reports).

A separate staff report titled *Proposed Regional Water Supply Service Development Cost Charge Bylaw – Engagement Summary Vol. 3* (November 19, 2025) outlines the final phase of public and interested party engagement.

Based on the feedback the CRD has received through its engagement with the public, the development community and local First Nations, the Municipal Assist Factor (MAF) and Grace Period are two tools recommended by the DCC Best Practices Guide to help lessen the impact of newly established DCC bylaws. These tools are discussed in detail below, including options and considerations, ultimately seeking the Commission's direction for preparation of the Regional Water Supply (RWS) DCC Bylaw.

Financial Impact Analysis on Development

Since 2024, development activity in the CRD has slowed, as highlighted in Urban Development Institute's (UDI) economic analysis (September 26, 2025), which found four out of five housing forms are currently not viable. The report attributes this to rising construction and labour costs, high interest rates, tighter lending conditions, and economic uncertainty, factors that have delayed or cancelled many projects. While development charges such as DCCs do affect margins, their impact is relatively minor compared to these broader cost pressures. In most cases, DCCs and similar charges reduce profit margins by 1–3%, depending on unit type and combined municipal rates. Accordingly, the proposed RWS DCC is expected to slightly lower returns but not significantly affect overall viability.

CRD referral data for the Juan de Fuca Water Distribution System reflects this slowdown, with municipal development referrals dropping from 110 in 2024 to 66 as of October 31, 2025. Given

these challenging conditions, applying the proposed DCC at a lower rate would provide modest relief during the current downturn.

Municipal Assist Factor (MAF)

To finalize the RWS DCC Bylaw, the Commission and CRD Board must confirm the Municipal Assist Factor (MAF). The MAF is the percentage discount applied to the total eligible cost of growth-related infrastructure projects when calculating DCC's. The MAF is established through bylaw as a policy and political decision and may be used as a tool to help balance community objectives, such as reducing the financial impact on development, while ensuring fair cost sharing between new and existing taxpayers. In accordance with the *Local Government Act*, the MAF must be at least one percent.

Both the Water Advisory Committee (March 28, 2023) and the Regional Water Supply Commission (March 20, 2024) previously considered the magnitude of the MAF. The March 20, 2024 report and Supplemental Memo (Appendix B) provided details on the implications of the different MAFs on DCC collections. Both bodies previously recommended proceeding with a MAF of one percent; however, since that time, there have been several economic shifts that need to be considered.

Given the current challenges being experienced by the development community, the probability that lower development returns are expected to persist for the next couple years and the fact that this is a new DCC program, the Commission may consider a 25-50% reduction to the DCC rates using the MAF.

An increased MAF in this range would provide meaningful assistance to development, while still ensuring that a portion of growth-driven project costs are paid for by the development driving the need for these projects (benefiter pays principle). An MAF less than 25% may not be seen as meaningful to the development community, whereas an MAF greater than 50% would undermine the CRD's intent in implementing the underlying benefiter-pays principle of DCC's.

Phased MAF

There is an option to phase in the MAF before reducing it to 1%, consistent with Metro Vancouver's recent approach. Metro Vancouver started with a 50% MAF, then reduced to 45%, 15%, and 1% over three years. For context, Metro Vancouver's DCC is much higher at $19,714 (1% MAF) compared to the proposed RWS DCC of $9,044 per single-family lot (1% MAF).

Phasing the MAF for the RWS DCC Program may not be practical. The earliest date the bylaw could take effect is April 2, 2027, with an update planned for 2028/2029. This leaves little time for phasing and adds administrative complexity. Therefore, a "static MAF" is recommended for the initial implementation.

Canadian Housing Infrastructure Fund (CHIF), Bylaw Effective Date and Grace Period

On February 12, 2025, the CRD Board implemented a DCC rate freeze (including imposing any new DCCs) until April 2, 2027 to align with the requirements of the Canadian Housing Infrastructure Fund (CHIF) program (see Appendix A). If the RWS DCC bylaw were to be

adopted—anticipated Spring 2026—the "effective date" on which the DCCs would start being collected could be no sooner than April 2, 2027.

The period between the bylaw adoption date and the effective date would represent a "grace-period", which the DCC Best Practices Guide recommends, to notify developers that the new DCCs will be implemented. In light that the CRD has been working to establish a DCC bylaw since 2020, with engagement completed in 2023 and 2024, arguably there has been sufficient notification of the proposed DCC program.

In-Stream Protection

As a requirement of the *Local Government Act*, local governments enacting new or amended DCC rates must provide one year of in-stream protection to developers who have submitted development applications and paid the applicable fees prior to the DCC rates coming into effect.

In this case, if the RWS DCC bylaw were adopted with an effective date of April 2, 2027, in-stream developments (i.e., developments with accepted applications and fees paid) would not be required to pay the RWS DCC's for a full year. Any new development applications received on or after April 2, 2027 would be required to pay the RWS DCCs.

Combination of MAF, Grace Period and In-Stream Protection

An increased MAF, combined with a delayed effective date (grace period) and the one-year in-stream protection period required under the *Local Government Act*, would offer a modest and meaningful transition period for the development industry. This approach would help mitigate impacts during the current market downturn and reflects feedback received from the development community throughout the engagement process. The BC Inspector of Municipalities would review the program for alignment with the DCC Best Practices Guide, which recommends all three of the preceding components.

Additionally, the future implementation of a RWS DCC Waivers or Reductions bylaw (pending Commission and CRD Board approval) would also provide assistance to eligible development types, such as affordable not-for-profit housing.

DCC Program and Master Planning Coordination

To align with best practices, and to address the development community's feedback regarding the population and water demand projections in the RWS 2022 Master Plan, the CRD is committed to update both the technical and planning components of the DCC program on a regular cycle, typically every 5 years. The Master Plan update is scheduled for 2027–2028, with the DCC program update set to begin following its completion in 2029.

The regular review of the DCC program would also allow the CRD to undertake future engagement with interested parties and review the MAF in the lens of current development viability and trends.

DCC Bylaw Development Process and Next Steps

The three general phases of DCC Bylaw development were outlined in previous staff reports (May 17, 2023 and March 20, 2024). To date, the following has been completed:

- **Phase 1 – Conceptualization:** Completed.
- **Phase 2 – Refinement and Consultation:** Nearing completion, with the issuance of the Engagement Summary (Vol. 3) and pending adoption of the DCC Bylaw.
- **Phase 3 – Implementation:** To commence following bylaw adoption, anticipated in spring 2026.

With direction from the Commission on the MAF, staff propose returning to the Commission in January 2026 with the draft DCC Bylaw for consideration. At that time, the Commission may choose to adopt a resolution recommending that the CRD Board proceed with first, second and third readings of the bylaw.

Following Board endorsement, the DCC Bylaw would be submitted to the BC Inspector of Municipalities (BCIM) for Statutory Approval, as required under the *Local Government Act*. The submission will include the DCC Background Report and the "DCC Submission Summary Checklist." Upon receiving statutory approval from the BCIM, the CRD Board would be positioned to proceed with final reading and adoption of the bylaw by Spring/Summer 2026.

Upon approval of the Bylaw, staff will proceed with implementation of the bylaw, which includes coordination with the municipalities to begin preparing for collection and remittance of DCCs. Concurrently, staff will begin development of a DCC waivers or reductions bylaw (see Appendix A).

ALTERNATIVES

Alternative 1
That the Regional Water Supply Commission direct Capital Regional District (CRD) staff to prepare a draft Regional Water Supply Development Cost Charge (DCC) Bylaw for consideration at a future Commission meeting, and that the bylaw include a Municipal Assist Factor (MAF) of 25 percent.

Alternative 2
That the Regional Water Supply Commission direct Capital Regional District (CRD) staff to prepare a draft Regional Water Supply Development Cost Charge (DCC) Bylaw for consideration at a future Commission meeting, and that the bylaw include a Municipal Assist Factor (MAF) of one percent.

Alternative 3
That the Regional Water Supply Commission direct Capital Regional District (CRD) staff to prepare a draft Regional Water Supply Development Cost Charge (DCC) Bylaw for consideration at a future Commission meeting, and that the bylaw include a Municipal Assist Factor (MAF) of 50 percent.

IMPLICATIONS

Alignment with Board & Corporate Priorities

The implementation of the proposed Regional Water Supply (RWS) Development Cost Charge (DCC) program aligns with the CRD 2023-2026 Corporate Plan, the RWS 2017 Strategic Plan and the pending Regional Water Supply 2025 Strategic Plan.

An increased Municipal Assist Factor (MAF) would reduce the financial burden placed on development, which in turn could help increase the "supply of affordable, inclusive and adequate housing in the region", which is a key Initiative in the 2023-2026 Corporate Plan.

Financial Implications

To address financial concerns raised by the development community, it is proposed to reduce the proposed DCC rates through an increase in the MAF. An MAF in the range of 25-50% is anticipated to provide relief during the current economic downturn and is consistent with the DCC Best Practices Guide and comparable to other new DCC programs. If an increased MAF is implemented, the RWS service would be responsible to fund the assistance amount, which would need to be accounted for in future capital plans.

An increased MAF would reduce the burden on new development while still reducing future water rates to existing users (as opposed to no RWS DCC program). The proposed 30-year DCC program will be refreshed every five years (2029), when applicable projects will be reviewed, new costing information will be included, and the MAF can be adjusted.

Appendix B – Mar 12, 2024, Regional Water Supply Commission staff report, highlights the options for varying levels of assistance (1, 25, 50%), and their resulting implications to both DCC rates and the RWS bulk water rate.

First Nations Implications

The proposed DCC bylaw would not apply to development on First Nations reserve lands as local municipal and regional district DCC bylaws are not applicable on reserve lands. DCCs would apply to fee simple lands owned by First Nation-owned entities off-reserve and would be consistent across the region.

The introduction of a DCC program would benefit First Nations that receive water from the RWS service, similar to existing municipal residents, as the DCC program would mitigate future bulk water rates increases for the First Nations.

Although DCCs would not apply on First Nation reserve lands, an MAF of greater than 1% would shift the funding source from DCCs back to bulk water rates, which would impact all existing users, including First Nations, as the RWS service would need to fund the assistance amount. Conversely, an increased MAF would provide assistance to First Nations-led developments on fee simple lands throughout the region.

Social Implications

Without the implementation of a DCC bylaw for the RWS service, remaining capacity will continue to be depleted by population growth. At a certain point, without any upgrades, the system will reach a threshold where no further development can be serviced.

Through engagement with interested parties, it is acknowledged that the development industry is currently experiencing a downturn both locally and nationally, driven by factors such as elevated construction, labour, and financing costs. The CRD recognizes that the proposed DCCs may affect the financial viability of some development projects, as highlighted in the Economic Analysis Report submitted by the Urban Development Institute (UDI).

In response to these concerns, the CRD should consider implementing a MAF greater than the provincial minimum of one percent. These options could help mitigate financial impacts and support the development sector during this period of economic uncertainty.

CONCLUSION

At the Regional Water Supply Commission's (Commission) direction, the Capital Regional District (CRD) has been developing the Regional Water Supply (RWS) Development Cost Charge (DCC) program and bylaw since 2020 and is nearing the end of its Phase 2 – Refinement and Consultation, which is planned to result in the adoption of the proposed RWS DCC bylaw. The CRD has undertaken three phases of engagement with interested parties, including municipal council and staff, the public, the development community and local First Nations. Feedback received through this process has been shared with the Commission and should be taken into consideration when finalizing the details of the RWS DCC Bylaw.

This staff report presents options to mitigate the financial impact of the proposed DCCs on the development industry, in response to concerns outlined in their recent correspondence to the CRD Board. One key option includes consideration of a Municipal Assist Factor (MAF) greater than the provincial minimum of one percent. Staff have proposed a 25% MAF be implemented, as this would provide meaningful assistance to development, while also implementing the underlying principle of benefiter pays. The increased MAF, in combination with the grace period (until April 2027), would help mitigate impacts of the proposed DCC program during the current economic downturn.

Subject to the Commission's direction, CRD staff are prepared to advance the draft RWS DCC Bylaw and supporting documentation to the Commission and the CRD Board, followed by submission to the BC Inspector of Municipalities for statutory approval.

RECOMMENDATION

That the Regional Water Supply Commission direct Capital Regional District (CRD) staff to prepare a draft Regional Water Supply Development Cost Charge (DCC) Bylaw for consideration at a future Commission meeting, and that the bylaw include a Municipal Assist Factor (MAF) of 25 percent.

Submitted by:	Joseph Marr, P.Eng., Senior Manager, Infrastructure Engineering
Concurrence:	Alicia Fraser, P. Eng., General Manager, Infrastructure and Water Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Kristen Morley, J.D., Corporate Officer & General Manager, Corporate Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Summary of Previous and Planned Staff Reports
Appendix B: Municipal Assist Factor Memo – March 20, 2024

APPENDIX A

Summary of Previous and Planned Staff Reports – RWS DCC Program and Bylaw

Governing Body	Date	Staff Report Title	Staff Report (link)	Minutes (link)
Past:				
WAC	28-Mar-23	Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw	Meeting Agenda	Meeting Minutes
RWSC	17-May-23	Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw	Meeting Agenda	Meeting Minutes
RWSC	20-Mar-24	Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw	Meeting Agenda	Meeting Minutes
RWSC	17-Apr-24	Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw	Meeting Agenda	Meeting Minutes
RWSC	25-Sep-24	Proposed Regional Water Supply - Development Cost Charge Program and Bylaw Update	Meeting Agenda	Meeting Minutes
RWSC	20-Nov-24	Regional Water Supply Development Cost Charges Waivers or Reductions Options	Meeting Agenda	Meeting Minutes
CRD Board	12-Feb-25	Canada Housing Infrastructure Fund (CHIF)	Meeting Agenda	Meeting Minutes
Planned:				
RWSC	19-Nov-25	Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw – Engagement Summary	-	-
RWSC	19-Nov-25	Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw – Update and Next Steps	-	-
RWSC	21-Jan-26	Proposed Regional Water Supply Service Development Cost Charge Program and Bylaw	-	-
Tentative:				
CRD Board	TBD (2026)	Three Readings of RWS DCC Bylaw and submission to the BC Inspector of Municipalities	-	-
CRD Board	TBD (2026)	Adoption of RWS DCC Bylaw	-	-
RWSC	TBD (2026)	RWS DCC Waivers or Reductions Bylaw	-	-

Memo

TO: Regional Water Supply Commission

FROM: CRD Staff

DATE: March 12, 2024

SUBJECT: **Regional Water Supply (RWS) Development Cost Charge Program Municipal Assist Factor – Supplemental Information**

Subject:

To provide the Regional Water Supply Commission (Commission) with additional background information, options, and examples with respect to the Municipal Assist Factor (MAF) to be applied in the ongoing development of the Regional Water Supply (RWS) DCC program.

Background:

The Local Government Act (LGA) requires local governments to provide a level of financial assistance to a DCC program through a Municipal Assist Factor (MAF). In this case, the CRD is the local government and is required to provide assistance. The MAF is a discretionary tool and is applied across the entire DCC program rather than being applied to specific projects. The MAF ultimately reflects the CRD Board's desire to encourage development and is a political decision to be made prior to bylaw adoption.

For reference, the MAF is discussed in further detail in the Province's *Best Practices Guide* and the *Guide for Elected Officials.*

The MAF can vary between a minimum of 1% (least amount of assistance) and a maximum of 99% (highest amount of assistance). Typically, growing communities in BC select a MAF between 1% and 10%.

The amount of assistance provided through the MAF would need to be funded through non-DCC sources, and in the case of the Regional Water Supply Service, would need to be funded through bulk water rates. Member municipalities would not be responsible for funding the MAF.

In March 2023, when presented with a survey, the Water Advisory Committee (WAC) indicated a majority preference (six of seven in favour) for proceeding with a MAF of 1%. To date, the draft RWS DCC program has included the minimum MAF of 1% at the direction of the Commission and WAC, and to remain consistent with the CRD's existing DCC bylaws (JDFWD and SPW & WW).

Table 1 below compares MAF's of various municipal DCC programs within the region.

Table 1 - Examples of Municipal Assist Factors in the CRD

Municipality	DCC Bylaw # / Service	MAF
CRD	Bylaw No. 3208 (SPW)	1% (Rates set at $0)
CRD	Bylaw No. 3208 (SPWW)	1%
CRD	Bylaw No.1 (JdFWD)	1%
District of Saanich	Bylaw No. 9553 (water)	1%
District of Sooke	Bylaw No. 775 (all services)	1%
City of Victoria	Bylaw No. 22-060 (all services)	1%
District of Central Saanich	Bylaw No. 1889 (all services)	1%
City of Colwood	Bylaw No. 1836 (roads)	1%

Introduction of MAF Options

Through initial engagement with municipal staff and councils (and initial correspondence received through the development community), the feedback received indicates that the draft DCC rates at a 1% MAF are significant and may have an impact on development in the region. This is in part due to current economic conditions (interest rates, supply/demand, construction costs, etc), and the housing affordability crisis.

In response to this feedback, options for the MAF will be presented in the following sections. Staff have included MAF options of 1%, 25% and 50% in this memo for the Commission's consideration to proceed in the engagement process.

There is also the option of phasing-in the MAF, which is discussed further in following sections.

Impact of Varying the MAF on DCC Rates:

Table 2 below shows the impact of varying MAF's (1%, 25%, 50%) on the proposed DCC rates.

Table 2 -Impact of Varying MAF on the Proposed RWS DCC Rates

Development Category	Collection Unit	1% MAF	25% MAF	50% MAF	No DCC
Single Family	Per unit	$9,044	$6,852	$4,568	$0
Multi Family	Per unit	$7,914	$5,995	$3,997	$0
Apartment	Per unity	$5,087	$3,854	$2,569	$0
Commercial	Per GFA in m^2	$33.92	$25.69	$17.13	$0
Industrial	Per GFA in m^2	$16.96	$12.85	$8.56	$0
Institutional	Per GFA in m^2	$73.48	$55.67	$37.11	$0
Projected Water Rate					
Conceptual Maximum 30-year Bulk Water Rate**	per cubic metre	$2.84	$3.02	$3.22	$3.61

*GFA = Gross Floor Area

** The rate is based on the 2022 Master Plan projects and only considered a change to the MAF for the 30yr team of the DCC. This conceptual water rate does not consider other changes to the capital plan or operating budgets in future years or other funding sources that could influence the rate, such as grant funding.

Impact of Varying the MAF on Forecasted Bulk Water Rates:

When the 2022 Master Plan was introduced to the Commission in 2022, a conceptual rate model was used to depict the theoretical increase in bulk water rates required to provide sufficient funding to carry out the recommendations (capital and operational expenditures) of the 2022 Master Plan. A consistent graph was included in all presentations to Municipal staff and councils to date.

All following graphs in this section assume no senior government grant funding sources, as DCC programs can only be updated to include grant funding sources only when the funding is “in hand”. The CRD would explore grant funding opportunities for large scale capital projects and would update the DCC program appropriately to include this funding source.

Figure 1 below shows the impact of introducing a RWS DCC program with a 1% MAF. Generally, a DCC with a 1% MAF would represent an approximate 20-30% reduction in the required bulk water rate to fund the capital expenditures.

Figure 1 – Conceptual Model of the RWS Bulk Water Rate with DCC's and a 1% MAF

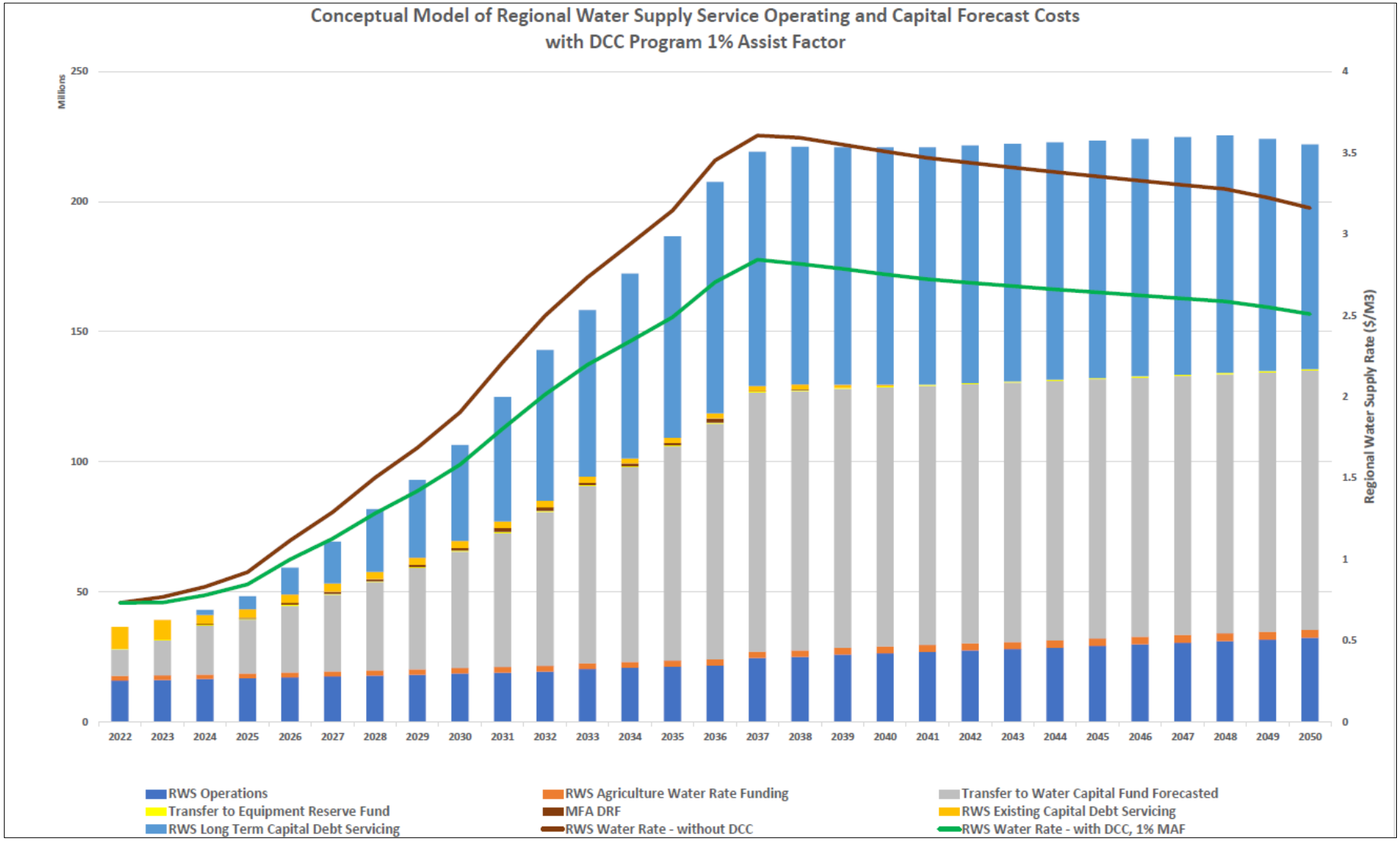
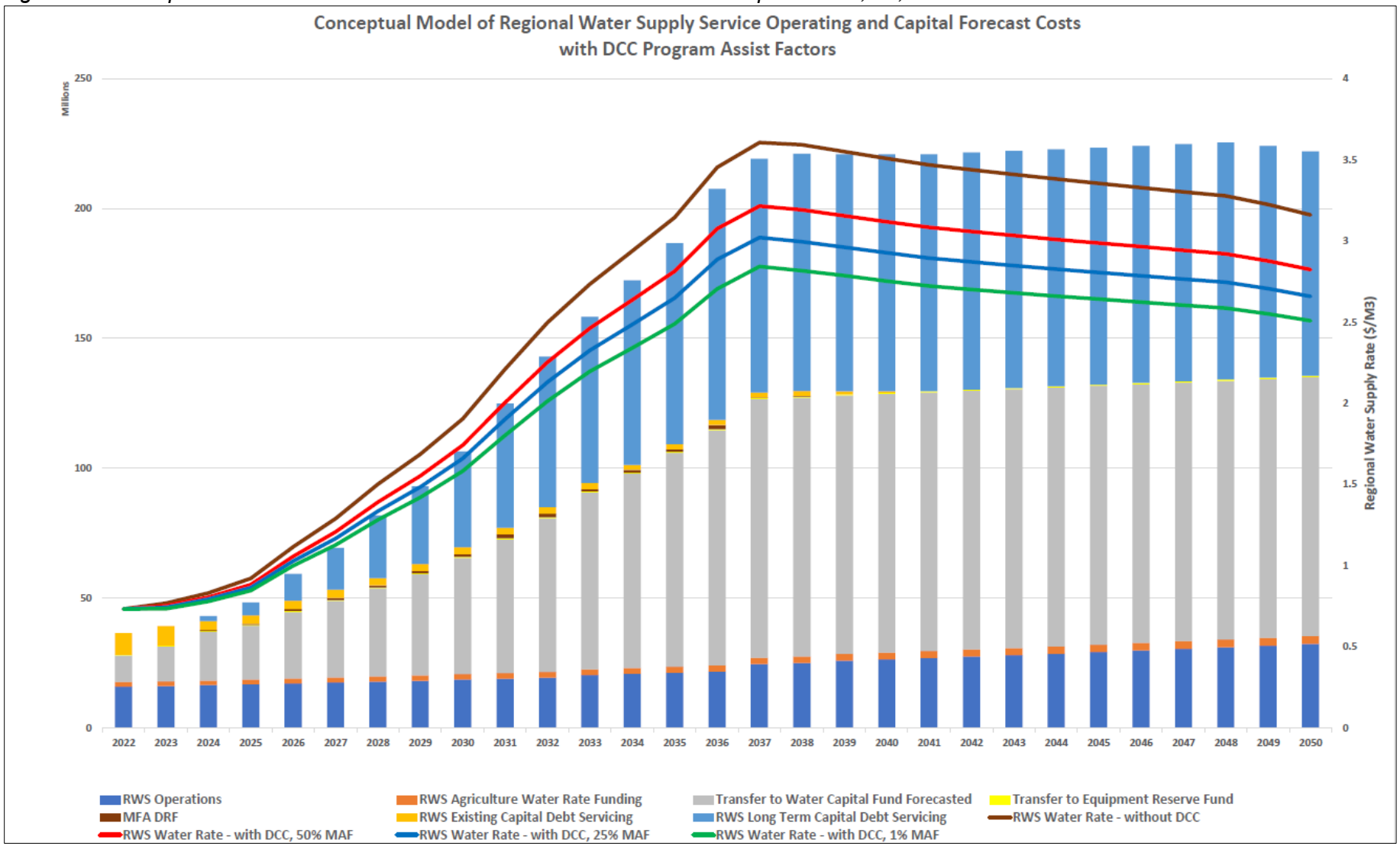


Figure 2 shows the impact of varying MAF's (1%, 25%, 50%) on the theoretical revenue required to be collected through bulk water rates to fund the forecasted expenditures. Generally, a MAF of 1% would have the most impact on the future bulk water rates, as the developers would be responsible for 99% of the identified DCC eligible costs.

Figure 2 - Conceptual Model of the RWS Bulk Water Rate with DCC's and Options of 1, 25, 50% MAF



Phasing-in the MAF:

There is an option to phase-in the MAF over multiple years to gradually implement the development cost charges, which may help lessen the immediate financial impact and provide predictability to developers.

In the March 2023 WAC survey (referenced above), when asked about phasing-in the MAF, the WAC had mixed results (three in favour, two against & two neutral).

The downside of phasing-in a MAF is the added administrative complexity for member municipalities in collecting DCC's on the CRD's behalf. The CRD would need to be diligent in communicating with member municipalities to ensure the correct DCC's were being collected.

Phased MAF Examples

As an example, in 2023, Metro Vancouver introduced a Regional Water DCC with a similar scope and intent, but at a much higher DCC Rate as the proposed CRD RWS DCC Program. The Metro Vancouver Board endorsed the implementation of a phased MAF in the following form:

Table 3- Metro Van Phased MAF Example

Date	Municipal Assist Factor (%)	DCC Rate (Single Family House)
April 28, 2023	Existing 50%	$6,692
January 1, 2025	45%	$10,952
January 1, 2026	15%	$16,926
January 1, 2027	1%	$19,714

As another example, the District of Saanich has phased-in the MAF for their Transportation DCC in the following form:

Table 4 - District of Saanich Phased MAF Example

Date	Municipal Assist Factor (%)	DCC Rate (Single Family House)
February 25, 2020	20%	$3,643
February 25, 2021	15%	$3,897
February 25, 2022	10%	$4,152
February 25, 2023	5%	$4,406
February 25, 2024	1%	$4,610

It is important to note that both of these examples result in a 1% MAF once phased-in.

Alternatives:

Several options and alternatives have been presented to implement a Municipal Assist Factor for the pending RWS DCC program. Staff have presented options for varying levels of assistance (1, 25, 50%), and their resulting implications to both DCC rates and the RWS bulk water rate. The option of phasing-in the MAF was also presented for the Commission's consideration.

Conclusion:

The Local Government Act requires municipalities and regional districts to provide a level of assistance to the DCC program using a Municipal Assist Factor (MAF). The MAF can range

between a minimum of 1% (least amount of assistance) and a maximum of 99% (highest amount of assistance). Typically, growing communities in BC select a MAF between 1% and 10%.

The development of the RWS DCC program has proceeded with a MAF of 1% until this point (upon previous direction from the WAC and Commission). Based on initial feedback received through municipal staff and council meetings to date, CRD staff have summarized various options for the MAF for the Commission's future consideration.