

Purpose

To clarify the City of Vernon's approach to Development Cost Charges collection. Please refer to the [Development Cost Charges](#) webpage and associated bylaws for complete regulatory information.

What are Development Cost Charges?

Development Cost Charges (DCCs) are a one-time charge levied to a property at the time of subdivision approval or issuance of a building permit for the purpose of providing funds that assist the City with the capital costs of providing, constructing, altering or expanding sewage, drainage and highway facilities to service, directly or indirectly, the development for which the charge is being imposed. There are two main types of DCCs:

- **Municipal DCCs:** applied towards municipal costs including transportation, sanitary collection, sanitary treatment, sanitary disposal, and storm water infrastructure.
- **Regional DCCs:** applied towards North Okanagan Regional District costs including parks and open spaces and water infrastructure.

What's Changing?

A new [Zoning Bylaw](#) was adopted in June 2024. This new bylaw aligns with recent provincial legislative updates to allow a greater range of housing options and increase the supply of affordable housing in BC. Previously, many subdivisions were restricted to low-density zoning that restricted development to single-detached homes. As such, one DCC was typically collected upon the creation of one lot.

With the new [Zoning Bylaw](#), many new lots created by subdivision will allow for up to four units. Recognizing this change, other bylaws including the [DCC Bylaws](#) need to be amended. These amendments will take time to process, including consideration for public input from developers and the public at large, so the following process will be used in the interim:

- One full DCC will be collected at subdivision based on the existing [DCC Bylaws](#)
- Any subsequent development (i.e. construction of a secondary suite, duplex, three-plex, or four-plex units) will be subject to additional DCCs to be collected at Building Permit

Deferring the collection of additional DCCs to the Building Permit stage allows developers to reduce the upfront cost of creating lots capable of higher density development while ensuring the costs collected reflect what is actually built on the lot.

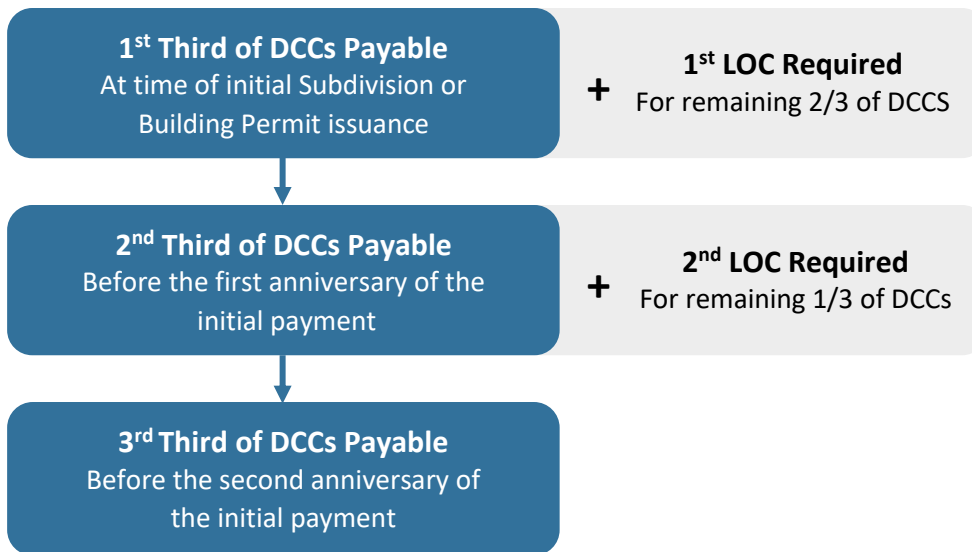
Can I Defer Development Cost Charges?

As set out in Provincial legislation, where the City of Vernon's portion of the DCCs are \$50,000 or greater, DCCs can be paid in installments subject to depositing appropriate security, which usually will be in the form of a Letter of Credit. The installments are based on DCCs being paid through the process shown in the figure below.

Is There Criteria for the Letter of Credit?

Letters of Credit (LOC) should be drafted to the benefit of the City, and in the amount of two-thirds the remaining DCCs at time of initial installment, and one-third the remaining DCCs at time of the first installment. A **Letter of Credit Sample** is available on the City of Vernon website for reference.

All DCC payments should be in the form of cash, and not a drawdown of the LOC, although the letter will be drawn upon if the cash payment is not made within one month passing of the instalment date.



Where can I learn more?

For more information, please contact Planning Department staff at 250-550-3634 or planning@vernon.ca. Staff are also available at the Community Services Building (3001 32nd Ave) during regular business hours.

