



**URBAN  
DEVELOPMENT  
INSTITUTE**  
CAPITAL REGION

**447 HERALD STREET  
VICTORIA, BC V8W 3N8**

March 6, 2026

Inspector of Municipalities  
Office of the Inspector of Municipalities  
Ministry of Housing and Municipal Affairs  
PO Box 9490 Stn. Prov Govt  
Victoria, BC V8W 9N7

**Via email:** [LGGovernance@gov.bc.ca](mailto:LGGovernance@gov.bc.ca)

**RE: Follow-Up Submission Regarding CRD's Proposed RWS DCC Bylaw -  
Post-Feb. 11 CRD Board Vote**

Dear Inspector of Municipalities,

We write to bring to your attention the significant housing supply and affordability implications associated with the Capital Regional District's (CRD) proposed Regional Water Supply Development Cost Charge (RWS DCC) bylaw.

This letter supplements the Urban Development Institute (UDI) - Capital Region's February 10, 2026, submission (attached as Appendix A), and respectfully requests that approval be withheld pending completion and consideration of a robust financial feasibility analysis, consistent with the Local Government Act (LGA) and the Development Cost Charge (DCC) Best Practices Guide.

Your government has committed to delivering affordable housing, growing the economy, and keeping costs low for British Columbians, recognizing the challenging capital and construction environment facing homebuilders. The proposed RWS DCC bylaw introduces a substantial new fixed charge at a time when projects are already constrained by high financing costs, elevated construction expenses, and cumulative regulatory pressures. As a result, it risks delaying and deterring housing projects and increasing end costs to purchasers and renters - outcomes that run counter to provincial housing objectives.

The CRD has advanced the bylaw without undertaking the project-based financial feasibility analysis contemplated under provincial legislation and the

DCC Best Practices Guide, and without providing stakeholders with the analytical transparency necessary for informed engagement.

In the absence of evidence demonstrating that the proposed charges will not deter development or discourage reasonably priced housing, the basis for approval remains incomplete.

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The CRD Board’s deliberation comments on February 11, 2026, included the following:

**Disclaimer (Source and Limitations):**

*The statements attributed to CRD Directors below are drawn from the CRD Board Regular Meeting held on February 11, 2026, as recorded in the official meeting video (see Endnote 1). These are good-faith transcriptions made in the absence of an official transcript. Minor editorial adjustments have been made for readability. These excerpts should not be relied upon as verbatim records of the proceedings. UDI - Capital Region disclaims any and all liability arising from errors, omissions, or misinterpretations of the video source. Parties with knowledge of the proceedings are invited to advise of any required clarifications or corrections.*

**Director Desjardins (Mayor of Esquimalt):**

*“We are missing a key piece of information...even a point-in-time analysis now could help us.... I feel very uncomfortable moving forward with such a significant bylaw without having that discussion.... I’m not going to be supporting this, and it is not because I believe it isn’t necessary - it is. I have not found the information I needed to be comfortable making this decision going forward....”*

**Director Kobayashi (Mayor of Colwood):**

*“I think the economic feasibility analysis is required...let’s do a reality check for everyone.”*

**Director Alto (Mayor of Victoria)**

*“It would have been much more helpful if we had additional information, as was intended to be sought by the previous, defeated motion. The phrase ‘point in time’ has been used repeatedly to justify not conducting further analysis.... Yet the point in time at which we are sitting is profoundly different than even recent analyses. What we have before us is inadequate for analyzing the pressures our communities face in trying to maximize housing across the continuum of affordability. Not having that additional information is a disservice to everyone at this table who is about to make a decision that is not as informed as it could have been. Taking 30 days for staff to provide analysis relevant to this moment would not have been a painful delay. I cannot vote no, because it would be interpreted as opposition for the wrong reasons. But in voting yes, I want to say we have failed to do our best in examining the challenges before us.... There is too much*

*at stake, too much information that should have been accessible, and too many considerations we have not examined. I will vote yes, but I do so under protest. In the short term, we may look back and question the added burdens placed on those who build housing, because we could not wait another month.”*

**Director Murdock (Mayor of Saanich)**

*“I’m not particularly thrilled with the idea of relying on an industry-provided report to inform the decision. I rather would like to have a better understanding of the economic impact that would be at stake by moving forward with what’s proposed. ...I’d like to understand, as a decision maker at this table, what the implications are of the economic implications are of the decision and whether or not we could assumed to rely on the income of DCCs based on their potential impact on whether or not projects get built. ...we undertook that analysis at the District of Saanich when we reviewed our DCC bylaw, and I think it’s necessary as part of this work. ...I remain mindful of the impacts that DCCs will have and that the fees will have, as I know everyone in this room does. I would have found it helpful to have had that analysis. I think there may be an opportunity yet where the Inspector of Municipalities may ask for the basis of that decision.”*

**Director Plant (Saanich Councillor):**

*“Is there ...comment staff could make why the CRD didn’t make an economic analysis?”*

**CRD/Consultant:**

*“An economic analysis is not required for the adoption of a DCC program - simply the acknowledgment that proposed DCCs shall not deter development or the provision of recently priced housing. There is not a requirement to complete an economic analysis.”*

**Director Plant:**

*“Did staff or our consultants have any declaration of agreement or disagreement with what was provided by UDI in that document? Like, do they refute the analysis provided?”*

**CRD/Consultant:**

*“...we have not completed an economic analysis, so we do not have an analysis to counter the work provided by UDI.”*

**Director Plant:**

*“So I just want to clarify ... there was no analysis of the presentation or the documentation provided to us [by UDI]. Thank you.”*

A motion was put forward to postpone adoption until an economic analysis was completed. However, the motion to postpone for approximately one month to obtain the analysis was defeated. The Board acknowledged that such testing had not been provided to inform its decision before forwarding the bylaw for Inspector approval.

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Withholding approval until robust feasibility analysis is completed will better align this critical program with provincial objectives as stated in Provincial Mandate Letters:

**Honourable Christine Boyle**, Minister of Housing and Municipal Affairs

*Work with homebuilders to address barriers to new home construction in the current capital and interest rate environment.*

**Honourable Ravi Kahlon**, Minister of Jobs and Economic Growth

*Ensure that any proposed new legislation or regulations are considered through the lens of impact on BC businesses and engage on proposed legislative initiatives at the earliest possible stage. Bring forward reforms as required to ensure that our laws promote high standards in relation to human rights, the environment and social well-being, without unduly impairing our ability to compete internationally and ensure the prosperity of British Columbians.*

These facts materially reinforce that the evidentiary record before your Office is not yet sufficient to support approval of the proposed RWS DCC bylaw.

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## **Request**

As requested previously, UDI - Capital Region respectfully renews its request that approval of the proposed RWS DCC bylaw be withheld until:

- A robust financial feasibility analysis is completed, consistent with the DCC Best Practices Guide, and the results are substantively considered to demonstrate that the proposed charges are not excessive and will not deter development or discourage reasonably priced housing or serviced land;

- Because development viability is determined by cumulative conditions, including building code seismic provisions that add an estimated 15-20% on the cost of construction, UDI - Capital Region respectfully requests clarification on whether the CRD's proposed RWS DCC will be assessed holistically, alongside existing and contemplated development cost charges and fees across the Capital Region, or in isolation, and how cumulative impacts will be weighed in evaluating risk to development viability and provincially mandated housing targets.
- Any mitigations (assist-factor adjustments, phasing, or capital-program adjustments) are incorporated based on the robust financial feasibility analysis; and
- Meaningful stakeholder engagement is undertaken to present the findings and proposed mitigations to affected stakeholders prior to resubmission for Inspector approval.

We remain available to provide any further information that may assist your Office.

Sincerely,



Leah Bell  
Regional Director  
Urban Development Institute - Capital Region

## References

- Development Cost Charge Best Practices Guide (March 2025), Ministry of Housing and Municipal Affairs - see Ch. 1-2 (Inspector approval), Ch. 6 (prevailing service standards), Ch. 7 (feasibility testing).
- Local Government Act - ss. 560(1)-(2) (Inspector approval and refusal grounds); s. 564(4) (matters to consider: excessiveness, deterrence, reasonably priced housing/serviced land).

- Space and Cost Impact Report Based on the 2024 BC Building Code Adaptable and Earthquake Design Provisions. Prepared for the Ministry of Housing and Municipal Affairs, Building and Safety Standards Branch. January 31, 2025.

**cc:**

Alicia Fraser, General Manager, 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  
Hon. Christine Boyle, Minister of Housing and Municipal Affairs  
Hon. Gregor Robertson, Minister of Housing and Infrastructure  
Hon. Ravi Parmar, Minister of Forests, MLA, Langford-Highlands  
Trevor Halford, MLA, Surrey-White Rock, Leader of the Official Opposition  
Dana Lajeunesse, MLA, Juan de Fuca-Malahat  
Darlene Rotchford, MLA, Esquimalt-Colwood  
Hon. Grace Lore, Minister without Portfolio, MLA, Victoria-Beacon Hill  
Hon. Nina Krieger, Minister of Public Safety and Solicitor General, MLA, Victoria-Swan Lake  
Hon. Diana Gibson, Minister of Citizens' Services, MLA, Oak Bay-Gordon Head  
Hon. Lana Popham, Minister of Agriculture and Food, MLA, Saanich South  
Rob Botterell, MLA, Saanich North and the Islands  
Will Greaves, MP, Victoria  
Elizabeth May, MP, Saanich-Gulf Islands  
Hon. Stephanie McLean, Secretary of State (Seniors), MP, Esquimalt-Saanich-Sooke  
Jeff Kibble, MP, Cowichan-Malahat-Langford

**Endnotes**

1. Capital Regional District (CRD). Board Regular Meeting - February 11, 2026. Official meeting video. Available at:  
[https://crd.ca.granicus.com/MediaPlayer.php?view\\_id=1&clip\\_id=3554](https://crd.ca.granicus.com/MediaPlayer.php?view_id=1&clip_id=3554) .
2. Province of British Columbia. Mandate Letter to Honourable Christine Boyle, Minister of Housing and Municipal Affairs, July 17, 2025. Available at:  
[https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/premier-cabinet-mlas/minister-letter/mandate\\_letter\\_christine\\_boyle.pdf](https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/premier-cabinet-mlas/minister-letter/mandate_letter_christine_boyle.pdf) .

3. Province of British Columbia. Mandate Letter to Honourable Ravi Kahlon, Minister of Jobs and Economic Growth, November 25, 2025. Available at: [https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/premier-cabinet-mlas/minister-letter/mandate\\_letter\\_ravi\\_kahlon.pdf](https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/premier-cabinet-mlas/minister-letter/mandate_letter_ravi_kahlon.pdf) .
4. Development Cost Charge Best Practices Guide, Province of British Columbia, Ministry of Municipal Affairs - General reference to provincial guidelines for setting DCCs.
5. Mulholland Parker Land Economists, Financial Analysis of Proposed CRD Water DCC, September 2025. ([Mulholland Parker Land Economists Report](#))
6. Local Government Act, SBC 2015, c.1, s. 564(4), Province of British Columbia.
7. 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.

**APPENDIX A**

**Previously Submitted Letter from the Urban Development Institute (UDI) -  
Capital Region**

*Dated February 10, 2026*



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**447 HERALD STREET  
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February 10, 2026

Inspector of Municipalities  
Office of the Inspector of Municipalities  
Ministry of Housing and Municipal Affairs  
PO Box 9490 Stn. Prov Govt  
Victoria, BC V8W 9N7

**Via email:** [LGGovernance@gov.bc.ca](mailto:LGGovernance@gov.bc.ca)

**RE: Pre-Decision Submission Regarding CRD's Proposed RWS DCC Bylaw  
(Prior to Feb. 11 Board Vote)**

This correspondence is submitted prior to the CRD Board's February 11, 2026, vote; the proposed bylaw is not yet before the Inspector.

Dear Inspector of Municipalities,

**Executive Summary and Request**

On behalf of the Urban Development Institute (UDI) - Capital Region, I am requesting that approval of the Capital Regional District's (CRD) proposed Regional Water Supply Development Cost Charge (RWS DCC) bylaw be withheld pending:

- Completion and consideration of a robust financial feasibility analysis;
- Identification and incorporation of any mitigations based on the analysis findings; and
- Meaningful engagement to present the analysis and proposed mitigations to affected stakeholders prior to resubmission for Inspector approval.

The proposed RWS DCC program (to be implemented through the proposed bylaw) represents approximately 36% of the CRD's 30-year, roughly \$2-billion capital spending plan and will materially affect housing supply, affordability, and delivery timelines across the Capital Region. Under the Local Government Act

(LGA), s. 564(4), before adopting a development cost charge bylaw, a council or board must consider whether the charges (i) are excessive in relation to the capital cost of prevailing standards of service, (ii) would deter development, or (iii) would discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land.

Because the CRD advanced the proposed RWS DCC bylaw without directing or completing the financial feasibility analysis expected under the LGA and the Development Cost Charge Best Practices Guide (March 2025) (*the “DCC Best Practices Guide”*), UDI and partner associations commissioned independent testing by Mulholland Parker Land Economists (MPLE). That analysis indicates the proposed RWS DCC would materially worsen already-strained project viability and substantially increase development charges. These findings underscore that the CRD has not yet demonstrated that the bylaw would avoid deterring development or discouraging reasonably priced housing or serviced land, considerations the CRD Board is required to evidence before adoption.

While the CRD states that it has “considered” whether the proposed RWS DCC would deter development, it provides no supporting evidence, modelling, or analysis demonstrating how this consideration was carried out. A narrative statement of compliance cannot satisfy the statutory requirement without transparent, demonstrable financial testing.

The DCC Best Practices Guide notes that the Inspector of Municipalities may refuse approval where the statutory considerations have not been met or evidenced and identifies financial feasibility testing as the means to demonstrate compliance.

***Withholding approval until robust feasibility analysis is completed will better align this critical program with provincial housing objectives.***

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## **Evidence of Housing Impacts**

Because the CRD advanced the RWS DCC without directing or completing a feasibility analysis, UDI, the Victoria Residential Builders Association, and the West Shore Developers Association engaged MPLE to conduct the economic testing. In MPLE’s model, the “years” denote market-recovery time to viability. On that basis, the proposed RWS DCC delays viability by ~one year: townhouses

from 6 → 7 years and apartments (concrete) from 22 → 23 years; and imposes a major new DCC cost burden of +53% for townhouses and +50%–60% for apartments over existing DCCs and other charges. Even without the proposed RWS DCC, the ~6-year (townhouses) and ~22-year (apartments) recovery timelines demonstrate a material viability gap today; the proposed RWS DCC compounds that gap.

These independent findings speak directly to the statutory considerations above and underscore the need to complete and consider feasibility testing before approval. Without empirical analysis of its own, the CRD’s conclusion is an unsupported assumption rather than evidence.

When UDI asked whether the CRD would commit to completing and publicly releasing an economic feasibility analysis before bringing the proposed RWS DCC bylaw to the CRD Board, the CRD’s General Manager confirmed that *“we have not yet received any direction from the Regional Water Supply Commission or the CRD Board to complete an economic analysis.”*

This confirmation underscores that no feasibility work has been directed or undertaken to evidence the statutory considerations under s. 564(4) of the LGA before advancing the proposed bylaw.

These findings reinforce why robust financial feasibility testing is the appropriate and expected method to evidence compliance with the LGA considerations before a DCC bylaw is approved. In the absence of CRD-commissioned feasibility testing that is current, transparent, and responsive to these indicators, the evidentiary record is not yet sufficient to support approval.

Across provincial development finance tools, government guidance consistently expects major fee programs to demonstrate viability through upfront financial feasibility testing. While approval pathways differ, the underlying due-diligence standard is the same: charges that materially affect housing outcomes should be supported by evidence showing they will not impair development viability. Applying that same diligence to this new, proposed RWS DCC of this scale of magnitude for the first time is both reasonable and aligned with provincial intent in the DCC Best Practices Guide, Section 7.2 Financial Feasibility Testing.

## **Broader Policy Context Reinforces Caution**

Across British Columbia, local governments are taking steps to relieve the cumulative cost pressure on housing during the current market downturn. For example, the City of Vancouver has implemented a temporary 20% reduction in development cost levies, the City of Surrey has rolled back DCC rates to 2023 levels, and the Township of Langley Council voted to lower DCC rates. These examples are illustrative only; they are not offered as direct comparators, since local market conditions, land economics, approval timelines, and cumulative fee stacks differ materially by jurisdiction. These actions reflect a common objective: calibrate development finance so as not to undermine provincial housing delivery goals during a fragile recovery.

Metro Vancouver Regional District (MVRD) has also taken steps that reflect heightened sensitivity to development viability in the current environment. Recent media reporting indicates that the MVRD Board has directed staff to report back with proposed amendments to roll back upcoming DCC rate increases to 2025 levels, and to identify options to offset that roll-back without increasing tax or utility rates in 2026. This reporting aligns with a broader regional trend of recalibrating DCC timing and burden during a housing cost-of-delivery crisis.

## **Cumulative Viability Pressures and the Limits of Engagement**

UDI recognizes that the CRD extended its public engagement period and met with industry representatives. However, because no feasibility analysis was provided for stakeholders to review, the engagement could not be meaningful. When sessions are tightly structured, direct questions are constrained, and responses remain generalized rather than analytical, participants have no basis to assess whether a proposed DCC would affect development viability. Consultation, regardless of duration or format, cannot substitute for the evidentiary requirements of the LGA. Public meetings and surveys do not demonstrate whether a charge will deter development; only transparent financial feasibility testing can do so.

Where engagement does not include project-based feasibility evidence or the opportunity to test assumptions, it cannot address the evidentiary gap the LGA requires the CRD to meet. The responsibility remains with the CRD to demonstrate, through credible feasibility testing, that the proposed RWS DCC will not deter development or discourage reasonably priced housing or serviced land.

It is not industry's obligation to prove the economic impact of a proposed DCC. The implementing authority must show, through current, transparent financial analysis, that the statutory considerations have been satisfied.

Broader market pressures such as financing costs, building code requirements, and approval timelines are already constraining project viability. In this context, cumulative feasibility analysis is essential: when projects are on the margin, additional fixed charges can determine whether they proceed, are delayed, or do not proceed at all. Comparisons to other jurisdictions' DCC levels are not determinative, as local economics, land values, approval timelines, and cumulative fee stacks vary significantly. The relevant question is whether this proposed RWS DCC, in this market, combined with existing pressures, risks deterring development.

Combined, the MPLE feasibility analysis and the BTY Space & Cost Impact Report (2025), commissioned by the Province of BC, provide clear evidence that cumulative structural and regulatory cost pressures are materially affecting development viability, especially in the Capital Region's high-seismic classifications.

### **Importance of Upfront Due Diligence**

The scale and long-term implications of the proposed RWS DCC make upfront feasibility testing essential. Robust analysis supports defensible decision-making and reduces the risk of miscalibration.

Experience in Metro Vancouver underscores the importance of rigorous upfront review for major utility programs. Public reporting on the North Shore Wastewater Treatment Plant, including third-party audit observations regarding governance and oversight, has highlighted how early feasibility work and clear accountability structures can help manage risk. In that context, deferring approval until feasibility testing is completed and any necessary mitigations are applied is a prudent and responsible course.

## Requests to the Inspector of Municipalities

The following requests align with the Inspector's role to ensure the LGA is being followed with regard to DCCs.

The CRD's reliance on assertions rather than evidence leaves the Inspector without the verifiable basis required to approve a new regional DCC of this scale of magnitude.

UDI respectfully requests that approval of the CRD's proposed RWS DCC bylaw be withheld until:

- A robust financial feasibility analysis is completed, consistent with the DCC Best Practices Guide, and the results are substantively considered to demonstrate that the proposed charges are not excessive and will not deter development or discourage reasonably priced housing or serviced land;
  - Because development viability is determined by cumulative conditions, including building code seismic provisions that add an estimated 15-20% on the cost of construction, UDI respectfully requests clarification on whether the CRD's proposed RWS DCC will be assessed holistically, alongside existing and contemplated development cost charges and fees across the Capital Region, or in isolation, and how cumulative impacts will be weighed in evaluating risk to development viability and provincially mandated housing targets.
- Any mitigations (assist-factor adjustments, phasing, or capital-program adjustments) are incorporated based on the robust financial feasibility analysis; and
- Meaningful stakeholder engagement is undertaken to present the findings and proposed mitigations to affected stakeholders prior to resubmission for Inspector approval.

Considered together, the requests above are intended to support the Inspector's statutory review by ensuring the evidentiary record is complete, current, and capable of demonstrating that the LGA considerations have been meaningfully addressed.

Given the roughly \$2 billion scale of the proposed program and its long-lived consequences, the most prudent and defensible course is to withhold approval of

the proposed bylaw until robust feasibility analysis is completed and considered within 120 days, and any necessary mitigations are incorporated prior to resubmission.

UDI remains available to support with any further information, clarification, or consultation that may assist in the review of the proposed RWS DCC.

Sincerely,



Leah Bell  
Regional Director  
Urban Development Institute - Capital Region

## References

- Development Cost Charge Best Practices Guide (March 2025), Ministry of Housing and Municipal Affairs - see Ch. 1-2 (Inspector approval), Ch. 6 (prevailing service standards), Ch. 7 (feasibility testing).
- Local Government Act - ss. 560(1)-(2) (Inspector approval and refusal grounds); s. 564(4) (matters to consider: excessiveness, deterrence, reasonably priced housing/serviced land).
- BTY Group. *Space and Cost Impact Report - Class D Estimate*. Prepared for the Ministry of Housing and Municipal Affairs, January 30, 2025.

## cc:

Alicia Fraser, General Manager, 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  
Hon. Christine Boyle, Minister of Housing and Municipal Affairs  
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Elizabeth May, MP, Saanich-Gulf Islands  
Hon. Stephanie McLean, Secretary of State (Seniors), MP, Esquimalt-Saanich-Sooke  
Jeff Kibble, MP, Cowichan-Malahat-Langford

## **Endnotes**

Development Cost Charge Best Practices Guide, Province of British Columbia, Ministry of Municipal Affairs - General reference to provincial guidelines for setting DCCs.

Mulholland Parker Land Economists, Financial Analysis of Proposed CRD Water DCC, September 2025. ([Mulholland Parker Land Economists Report](#))

Local Government Act, SBC 2015, c. 1, Section 564(4), Province of British Columbia.

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.