



Consultation Summary Report: Development Cost Charges and Growth-Related Infrastructure Funding

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Session Host: Cranbrook Chamber of Commerce

City Presenter: Mike Matejka, Director of Engineering & Development Services, City of Cranbrook

1. Purpose and Importance of the Issue

The Cranbrook Chamber of Commerce convened this consultation session with the City of Cranbrook to provide Chamber members with a clear understanding of Development Cost Charges (DCCs), proposed rate increases, and the broader challenge of funding growth-related infrastructure.

This session reflects the Chamber's commitment to a proactive consultation model—engaging earlier in policy development to avoid last-minute reactions and to support structured, practical, and timely feedback that can meaningfully inform municipal decision-making.

At its core, this discussion addresses an issue of critical importance to Cranbrook's economic future: **how growth-related infrastructure costs are shared**, and how decisions made today will affect competitiveness, affordability, and service reliability over the long term. Rising construction costs, provincial growth mandates, and infrastructure capacity constraints make a decision on DCCs **inevitable**. The key question is not whether costs will be paid, but **who pays them, when, and through which mechanisms**.

2. Shared Context and Objectives

The Chamber identified some goals that they share with the City of Cranbrook:

- Supporting sustainable growth without stifling investment
- Expanding and strengthening the tax base
- Maintaining affordability for existing businesses and residents
- Ensuring reliable infrastructure capacity (water, sewer, drainage, transportation)
- Encouraging density, infill, and redevelopment where servicing is most efficient
- Improving transparency, predictability, and clarity in development processes

This consultation is part of an ongoing, longer-term engagement approach intended to create a practical and results-oriented feedback mechanism between the Chamber and the City.

3. The Central Issue: Cost Sharing for Growth-Related Infrastructure

Throughout the session, discussion repeatedly returned to a fundamental balancing challenge.

If DCCs increase too sharply:

- Development activity could slow, weakening tax base growth that supports long-term services
- Some projects may be deemed by developers to be financially unviable, particularly:
 - Projects with tight financing margins
 - Small commercial renovations or additions
 - Infill and redevelopment projects with higher complexity costs
- Construction-sector businesses—many of whom are Chamber members—could be negatively impacted
- Cranbrook’s competitiveness and reputation as a business and development friendly city could be harmed

If DCCs are not increased or are held artificially low:

- The same growth-related infrastructure costs still exist
- The City must still deliver and maintain core infrastructure capacity
- Costs shift to existing taxpayers and utility ratepayers, including existing Chamber members and the broader business community
- Non-construction businesses face higher property taxes
- The City risks:
 - Ongoing infrastructure deficits
 - Delayed or insufficient upgrades
 - Servicing constraints that restrict approvals (a “moratorium effect” observed in other communities)
 - Increased risk of failures and costly emergency repairs
- Development confidence may decline if infrastructure investment does not keep pace with growth

Key takeaway: There is no cost-free option. If growth-related infrastructure costs are not recovered through DCCs, they are ultimately borne by existing businesses and residents through higher taxes, utility charges, or reduced service reliability.

4. City Presentation: Key Information Provided

4.1 What DCCs Are—and Are Not

- DCCs are collected when new growth occurs (new buildings, additions, or increased use)
- DCCs fund growth-related infrastructure, including:
 - Transportation
 - Water
 - Drainage
 - Sewer
- DCCs cannot fund:
 - Maintenance and operations
 - Fleet or ongoing service delivery
 - Replacement of infrastructure not tied to growth
 - Infrastructure that serves only existing development

4.2 Increasing Growth and Capacity Pressures

- The City has updated its core master plans (water, sewer, transportation), identifying when upgrades are required to maintain service standards
- Provincial policies enabling more units per lot increase demand uncertainty and pressure on existing networks
- Cranbrook has experienced record construction value and rising infill and high-density development:
 - Building permits for \$100 million dollars worth of projects were surpassed in 2025
 - This total may be exceeded within the first two months of 2026

These trends demonstrate sustained development interest and reinforce the need to align DCC rates with current growth pressures to avoid shifting costs to the existing tax base.

4.3 Construction Cost Escalation

- Municipal infrastructure inflation often exceeds consumer inflation
- The City described scenarios where higher funding levels delivered less work due to rapid cost escalation

4.4 Benefit Allocation and Municipal Assist

- DCC rates for specific infrastructure projects are based on the proportion of benefit to growth versus existing users

- The City may apply a municipal assist factor to reduce or phase in DCCs; however:
 - Any assist must be funded by the existing tax base
 - Longer phase-ins shift more cost to existing taxpayers in early years and may dilute long-term effectiveness

4.5 Need for Improved Tools and Communication

The City acknowledged intentions to deliver:

- A user-friendly DCC guide
- Clear development process documentation
- A DCC estimation tool or guide
- Effective public-facing communication to reduce sticker shock and improve understanding

5. Key Concerns Raised by Chamber Members

5.1 The Bigger Picture of the Costs to Build in Cranbrook

Development Cost Charges (DCCs) should be assessed within the broader context of the total cost environment faced by developers considering investment in Cranbrook. The cumulative impact of all development-related costs, and the extent to which these costs may influence investment decisions, should be systematically evaluated. Where increases to DCCs are contemplated, consideration should be given to offsetting such increases through reductions or efficiencies in other development costs that fall within the City's regulatory or administrative authority.

5.2 Competitiveness and Investment Risk

Members emphasized that Cranbrook must avoid a perception of:

- Excessive business costs
- Barriers to establishing or expanding businesses

Significant DCC increases, without mitigation, could negatively influence investment decisions.

5.3 Disproportionate Impact on Smaller Projects

- Commercial renovations and additions to existing buildings can be complex due to the challenges of older electrical, plumbing and construction considerations. This can result in high project costs compared to new construction. Higher DCC fees on

these small projects could be the tipping point for project viability, whereas infill and improvements on existing buildings is imperative for a vibrant and revitalized downtown.

- The DCC framework does not always reflect these real-world challenges
- Without offset tools, smaller local projects may be disproportionately affected

5.4 Lessons from Past Experience

Members suggested that greater transparency on how historical DCCs have informed infrastructure decisions would improve confidence.

- Historical examples indicate that rapid, large DCC increases coincided with stalled development in the past
- Subsequent corrections may come only after momentum and opportunity have been lost

5.5 Uncertainty and Forecasting Limitations

- Development forecasting is inherently uncertain
- Provincial growth targets add complexity
- Policies must be adaptable and resilient over time

5.6 Need for Clear Messaging

- While official City documentation might refer to the fee increases using percentage-based comparisons, forward facing messaging should use an approach that is mindful of potential sticker shock to prospective developers
- Communication should clearly explain:
 - Cranbrook is growing
 - The key question is not whether costs will be paid, but **who pays them, when, and through which mechanisms.**
 - If DCCs are not increased, taxes will increase for existing businesses and residents.
 - What DCCs fund
 - Existing and potential industry incentives to offset these costs to local business

6. Opportunities Identified

6.1 Tools Within the DCC Framework

Existing:

- Redevelopment and demolition/rebuild credits where eligible

Advocate to the City for prospective tools including:

- Rate structures aligned with infill and multi-unit development goals for local business, as permitted

6.2 Tools Outside the DCC Framework

These were repeatedly implied as the place where the City has authority to support viability without undermining the DCC program:

- **Downtown Revitalization / Tax Exemption Programs**

Expand or refine exemptions/credits for:

- redevelopment and building renewal
- code upgrades and older-building constraints
- targeted areas where servicing already exists

- **Permit/Process Improvements (“time is money”)**

Reduce friction and carrying costs by improving:

- predictability of requirements
- review timelines
- pre-application clarity

Even modest time savings can materially offset project cost impacts.

- **Transparent DCC Guide + Calculator**

A plain-language guide and online estimator would:

- reduce surprise costs
- support financing decisions
- increase trust in fairness and consistency

- **Capital planning transparency**

Provide clearer “what projects, where, when” summaries so stakeholders can see:

- what DCCs will build
- how benefit allocation works
- how the City prioritizes sustainable growth areas

- **Joint advocacy for senior government funding**

The session noted a decline in infrastructure funding relative to the tax burden. The Chamber and City can collaborate on:

- regional/federal/provincial infrastructure advocacy. In particular in the context of [Bill 44 \(2023\)](#) that increased density to R4, the Chamber could pursue broader advocacy through the BC Chamber of Commerce (BCCC). (This is one of the few levers that can reduce the burden on both developers and existing taxpayers.)

7. Chamber Recommendations to the City of Cranbrook

A. Adopt a Clear and Published Cost-Sharing Policy Framework

The City should adopt and publicly release a clear policy framework that explains how growth-related infrastructure costs are allocated. This framework should be grounded in the following guiding principles:

- **Fairness** – the threshold of sustainability for existing business tax rates must be a foundational consideration in calculating how much “growth should pay for growth”
- **Competitiveness** – cost recovery should not unnecessarily deter viable development
- **Sustainability** – infrastructure funding approaches should avoid long-term reliance on the existing tax base
- **Transparency** – the rationale for benefit allocation, assist factors, and exemptions should be clearly explained in plain language

The framework should also define the decision logic for any municipal assist, including:

- the conditions under which an assist may be considered
- funding sources (e.g., property tax, frontage charges, reserves)
- duration and sunset provisions
- formal review and renewal requirements

The City should publish a clear framework grounded in:

- Fairness
- Competitiveness
- Sustainability
- Transparency

This framework should define when municipal assist may apply, funding sources, duration, and review requirements.

B. Establish a formal monitoring, review, and response framework (mandatory companion to any DCC increase)

Any approval of DCC rate increases should be paired with the creation of a **formal, ongoing monitoring and response framework** designed to identify and mitigate unintended negative impacts on development activity and the existing tax base.

This framework should include:

1. Annual Development and Cost Monitoring Report

The City should publish an annual report tracking key indicators, including:

- development applications, permits, and starts
- absorption and completion trends
- infrastructure cost escalation versus forecast
- DCC revenue performance relative to assumptions

2. Predefined Review Triggers

The City should establish clear, objective triggers that require action if:

- development activity declines materially beyond normal market variation
- infrastructure costs escalate significantly faster than forecast
- DCC revenues materially underperform or overperform projections

3. Predetermined Response Actions

The monitoring framework should be explicitly linked to predefined actions, which may include:

- a formal review of the DCC bylaw and underlying assumptions
- adjustments to phasing, assist factors, or implementation timelines
- exploration or activation of non-DCC policy tools to offset impacts

4. Mandatory Bylaw Review and Renewal Cycle

Review and renewal of the DCC bylaw should be embedded as a standing requirement, not an ad hoc response, ensuring periodic reassessment in light of market conditions and infrastructure delivery realities. Consultation with the business community should be a priority.

Chamber support for DCC increases is contingent on this framework being adopted at the time of approval, not as a future discretionary exercise.

C. Protect and encourage the “right kinds” of growth

The City should use tools outside DCC legislation to support development that aligns with community objectives, including:

- infill and redevelopment where infrastructure capacity already exists
- downtown and older-building renewal
- small and medium-scale expansions that retain employers and create local jobs

Where eligible and appropriate, redevelopment credits related to demolition and rebuild should be formalized, clearly explained, and supported with published examples so applicants can plan with certainty.

D. Reduce surprise and improve predictability

The Chamber is in support of the City’s commitment to improve front-end clarity and reduce investment uncertainty, in which the City will:

- create a public-facing DCC guide and online calculator with worked examples
- publish a one-page “DCC in plain language” explainer and FAQs
- provide a clear contact pathway for early-stage estimates

E. Strengthen Community Communication

Communication should clearly explain:

- Cranbrook is growing
- The key question is not whether costs will be paid, but **who pays them, when, and through which mechanisms.**
- If DCCs are not increased, taxes will increase for existing businesses and residents.
- What DCCs fund
- A commitment to work with the Chamber to explore additional industry incentives to offset these costs to local business

Real project examples should be emphasized over headline percentage increases.

F. Commit to collaboration on non-DCC policy tools and external funding

As an integrated component of this recommendation package, the City should commit to a **defined timeline** to work with the Chamber on:

- identifying non-DCC policy-based incentives to support local business and development viability
- exploring incentive tools relevant to the local construction industry
- joint advocacy for senior government infrastructure funding specifically in relationship to BILL 44 (2023) that increased R1 to R4

This collaboration should be structured, time-bound, and reported publicly.

8) Chamber Perspective and Commitments

The Chamber recognizes that DCC setting involves uncertainty and unavoidable trade-offs. Infrastructure investment is necessary to support growth and service reliability; however, policy choices must avoid unintentionally suppressing development—particularly smaller, incremental projects that build local confidence and employment.

Development Cost Charges (DCCs) should be evaluated within the broader context of the full range of costs borne by developers seeking to invest in Cranbrook. The cumulative cost of development in Cranbrook, and its potential impact as a deterrent to investment, must be carefully examined. Any increases to DCCs may be mitigated if the City is able to identify and implement reductions in other development-related costs within its authority.

Accordingly, the Chamber’s support for DCC increases is **explicitly tied** to:

- the City adopting the monitoring, trigger, and response framework described above
- a clear commitment and timeline to explore non-DCC incentive tools with the Chamber

The Chamber commits to:

- encouraging member participation in City engagement and surveys
- sharing this report to support informed public discussion
- continuing structured consultation focused on practical mitigation tools and process improvements
- continued partnership with the City to identify shared goals and combine resources to achieve them

9. Conclusion

The DCC discussion in Cranbrook is ultimately about responsibility, timing, and predictability. A balanced path forward requires an integrated package:

- A transparent and defensible DCC update



- Implementation with mandatory monitoring
- Targeted non-DCC incentive tools for local construction business impacted by increased DCC rates
- Clear communication
- Collaborative advocacy for external funding

Fragmented or partial adoption risks undermining both competitiveness and public confidence. The Chamber supports a balanced approach that recognizes the inevitability of infrastructure cost pressures while advocating strongly for tools that protect investment, local businesses, and Cranbrook's long-term economic health.