

April 16, 2026

Mayor Tom Dyas and Members of Council
City of Kelowna
Via e-mail to
mayorandcouncil@kelowna.ca and
cityclerk@kelowna.ca

RE: TEMPORARY DCC RELIEF PROPOSAL

Dear Mayor Dyas and Members of Council:

On behalf of the Independent Contractors and Businesses Association (ICBA) and our more than 4,500 member and client companies, including many active in the Okanagan, I am writing to express our strong support for the City of Kelowna's initiative to provide temporary Development Cost Charge relief. We urge Council to adopt Option 1, the temporary DCC reduction, and to go further than the proposed 20 per cent cut.

The Industry Needs a Bold Signal

Your staff report identifies the problem: many projects are no longer financially viable, and the full impact has yet to hit permitting. What ICBA members are reporting is a crisis. In our recent survey of our B.C. contractors, 23 per cent reported layoffs already made or planned, with an average of 22.5 per cent of their workforce at risk. Kelowna's unemployment rate sits at 7.0 per cent – a stark reversal from the labour shortages of two years ago. Companies have closed, regional offices have shut down Okanagan operations, and cranes finishing projects launched years ago mask a pipeline with very little behind them. Across B.C., we project housing starts will fall from 42,200 in 2025 to somewhere around 30,000 in 2026, a stark environment that will carry into 2027 and 2028.

20 Per Cent Is a Start – 50 Per Cent Moves the Needle

A freeze does nothing to lower costs for a single project, so Option 1 is the right call. But a 20 per cent cut sparking an estimated 200 to 350 homes may not tip stalled projects into viability. We encourage Council to consider 50 per cent. DCC revenue is a function of both rate and volume: a bolder cut that triggers meaningful building activity will generate more DCC revenue than a modest one that we fear may not really move the needle. DCCs cannot be collected on homes that never get built.

Your staff report notes DCCs represent 3 to 6 per cent of total project costs in Kelowna – from \$28,000 per apartment to \$52,000 per single-family home. With construction inflation up 30 per cent since October 2022 and presale absorption at near zero, the gap between a

20 and 50 per cent reduction is likely the gap between a project proceeding and a project parked indefinitely. When developers and builders walk away from a project, it means lost jobs, apprentices that do not get the training they need, and a local economy that slows down.

Manageable Cost, Real Federal Upside

Kelowna charges no Amenity Cost Charge, faces no regional development charges, and has tools to reconcile a short-term DCC gap. The estimated \$5–10 million shortfall is manageable; the economic cost of a prolonged construction downturn is not. Meanwhile, Kelowna’s Housing Accelerator Fund permits sit at just 61 per cent of the 7,430-unit target. The federal Build Communities Strong Fund ties infrastructure dollars to municipalities that “substantially reduce” development charges. A 20 per cent cut is a reduction; 50 per cent is bold. We encourage Council to be unambiguous in facing the residential housing collapse head on.

Preventing the Next Rental Crisis

Kelowna’s rental vacancy rate has jumped from 3.7 to 6.9 per cent in a single year – welcome breathing room. But that relief reflects construction decisions made years ago. With so few new projects launching, today’s healthy vacancy rates will evaporate within two to three years, rents will spike, and Kelowna will be back in a housing crunch with fewer contractors and less capacity to respond. Reducing DCCs now prevents the next affordability crisis before it takes hold.


A Provincial Precedent

On April 15, the Metro Vancouver Regional District Board voted to adopt its “Roll Back and Reduce” alternative for regional DCCs – cutting rates dramatically and using reserves to backfill the gap. Kelowna operates in a different region and market, but the principle is identical: when development charges suppress construction, governments need to act boldly. If Metro Vancouver can make this move, the City of Kelowna can too.

The construction industry wants to build in Kelowna. Give us the conditions to do it.

Sincerely,

INDEPENDENT CONTRACTORS AND BUSINESSES ASSOCIATION



Chris Gardner
President and CEO