The Corporation of the City of Courtenay

Staff Report

To:	Council	**File No.:** 5040-20
From:	Acting Director of Development Services	**Date:** October 15, 2025
Subject:	Amenity Cost Charge Program and Rates	

PURPOSE: To provide Council with an update on the development of the City's Amenity Cost Charge (ACC) project and to seek Council's endorsement of the draft ACC rates and program for the purpose of interest holder consultation.

BACKGROUND:

In August 2024, Urban Systems began assisting City staff with the development of an Amenity Cost Charge (ACC) Bylaw, in coordination with the Development Cost Charge (DCC) review project.

ACCs are a new financing tool created through changes introduced to the *Local Government Act* by Bill 46 in the Fall of 2023. ACCs together with other tools such as inclusionary zoning and density bonusing, will replace negotiated Community Amenity Contributions (CACs) with a standardized, bylaw-based framework for collecting funds for community amenities such as recreation centres, daycares and libraries. Affordable housing projects are not eligible for ACCs.

ACCs are fundamentally similar to DCCs and are intended to recover the cost of new recreation and cultural infrastructure and amenities related to growth. Portions of amenity costs are assigned to new development through ACCs, thereby ensuring that 'growth pays for growth' and new development pays its share of, for example, a new community recreation facility. The Provincial Government has prepared an ACC Best Practices Guide (Guide) to support the implementation of ACC bylaws. The Guide notes that any amenity providing social, cultural, heritage, recreational, and environmental benefits is eligible for cost recovery through an ACC program.

As a new cost-recovery tool, many municipalities across B.C. are beginning to implement ACCs to support municipal financial sustainability. The advantages of implementing an ACC Bylaw are as follows:

- Provides certainty to the development community about amenity upgrade costs and what projects these costs will pay for
- Ensures costs for future amenities are fairly distributed across the benefiting developments.
- Fosters fairness by ensuring the development community and existing property taxpayers share the costs of growth-related amenities; and,
- Minimizes financial risk by allowing the City to save for growth-related amenity costs.

The new ACC program will capture current capital costs for amenities that are driven by growth. The proposed rates ensure that those who will use and benefit from City-provided amenities share the growth-related costs in a fair and equitable manner. Key drivers for the development of the City of Courtenay ACC program include:

- Meeting the needs arising from future development and growth; and,
- Ensuring timely and transparent recovery on the capital cost of amenities.

Urban Systems and City staff last provided an update and overview of ACCs and examples of ACC programs and rates in other communities at a Council meeting on December 18, 2024. The associated slide presentation is linked in *Attachment 2 – Council Presentation on DCC and ACC (December 2024)*

DISCUSSION:

Technical Inputs

The ACC rates are based on City-wide growth projections, equivalency factors, the identification of eligible projects and related costs, and the allocation of costs between new development and existing residents (i.e., the 'benefit factor' or 'benefit allocation'). Rates are determined based on various land uses and their impact on infrastructure. For the purposes of the ACC, only residential uses (Low Density Residential, Medium Density Residential, and High Density Residential) and Commercial uses are proposed to be charged.

Fairness and equitable distribution of capital costs among those parties receiving a benefit is a guiding principle of ACCs and suggests that certain ACC projects may benefit the existing population as well as new development. For example, existing users may receive some benefit from the construction of a new community centre, if the facilities are upgraded in response to the need for replacement or pent-up demand. In turn, the allocation of capital costs that benefit existing users should be deducted from the difference between the total capital cost estimate and funds from other sources.

Municipal Assist Factor (MAF)

The Municipal Assist Factor (MAF) is designed to be a policy decision for Councils; it allows Council to determine the level of municipal assistance towards the new development portion of DCC and ACC programs. The assist factor is a percentage: it must be a minimum of 1%, but Councils may opt for a higher percentage (up to 99%). A higher MAF will mean lower costs for new development, but at the expense of existing taxpayers. Most municipalities select a 1% MAF, but 'phasing in' ACCs through the gradual, year-over-year reduction of the MAF (e.g., from 25%, to 15%, to 10%, to 1% over 4 years) is an option, but results in increased municipal cost. Ultimately, the MAF should reflect the community's support for financing growth-driven amenity needs.

Exemptions

The *Local Government Act* establishes several situations where a development is exempt from ACCs including places used for public worship, prescribed classes of affordable and special needs housing (e.g. purpose-built rental units owned or leased by government entities or non-profits, supportive housing, cooperative housing, transitional housing, emergency shelters), and developments that do not result in an increase of population or workers.

Instream Protection

As is also the case with Development Cost Charges (DCCs), there is a 12-month in-stream protection period for any applicants who submitted complete building permit, development permit, subdivision, or Zoning

Bylaw amendment applications before the effective date of the ACC bylaw. Any complete applications submitted prior to the effective date will not be subject to any ACCs.

Economic Analysis

When establishing ACC rates, Section 570 of the *Local Government Act* requires local governments to consider whether the charges could deter development or discourage the construction of reasonably priced housing or land. To assess this, the City conducted a financial feasibility analysis to understand how DCCs, ACCs, inclusionary zoning, and density bonusing may affect overall development viability.

The impact of ACCs on development varies depending on factors such as whether the charge is applied to projects under existing zoning or pre-zoning, and whether ACCs represent a new project cost. Implementing ACCs alongside zoning changes, such as increased density, can offset the impact on development viability.

Zoning designations regulate allowable height and density. When a site is rezoned to allow greater density, its land value often increases because more buildable floor area is permitted. Additional permitted floor space raises a site's market value, especially in high demand locations. The increased land value resulting from a zoning change can help mitigate the financial impact of an ACC.

If ACCs are introduced at the same time as zoning changes (via pre-zoning), the enhanced land value can offset the impact of the ACC. The site's land value, inclusive of both the pre-zoning increase and ACC impact, remains higher than its pre-existing value. As the City is currently preparing a Official Community Plan (OCP) and Zoning Bylaw amendments to reflect 20-year housing needs, the consideration of an ACC is well-timed.

The City retained City Squared to complete financial testing of implementing ACCs. The report titled '**City of Courtenay- Financial Testing of Amenity Cost Charges (ACC), Inclusionary Zoning (IZ) and Density Bonus (DB)**' dated September 2025 formed part of an OCP Update report presented on October 1, 2025[1]. Proforma analyses of several development case studies were conducted using the proposed ACC rates.

The City Squared report recommends that the ACC remain at the modest rate proposed and that the City also consider minimum base densities to ensure that development remain viable in this challenging economic market of high interest rates and depressed demand.

Draft ACC Program and Rates

The proposed ACC program includes the cost to increase recreation and cultural centre space and capacity to meet anticipated population growth over the next 20 years. ACC revenues are not eligible to be spent on replacing existing facilities or correcting existing deficiencies to meet the needs of the current population.

The proposed ACC project list includes the following amenities:

- Community Centre Expansion
- Florence Filberg Centre Expansion
- Outdoor Pool Expansion

[1] https://pub-courtenay.escribemeetings.com/filestream.ashx?DocumentId=13240

- Sportsfield Improvements
- Pickleball Court Improvements and Construction
- Dog Park Construction and Improvements
- Cultural Facility Expansion
- LINC and Skateboard Park Improvements
- Spray Park Construction
- Park Amenity Program

The benefit factor of each ACC eligible project was evaluated using an approach based on anticipated population change and benefit to new and existing populations. A summary of the benefit factor methodology is included in **Error! Reference source not found.** of the attached Amenity Cost Charge Bylaw Development Report. The proposed rates are outlined in Table 1 below. No ACCs are proposed to be levied on industrial or institutional uses.

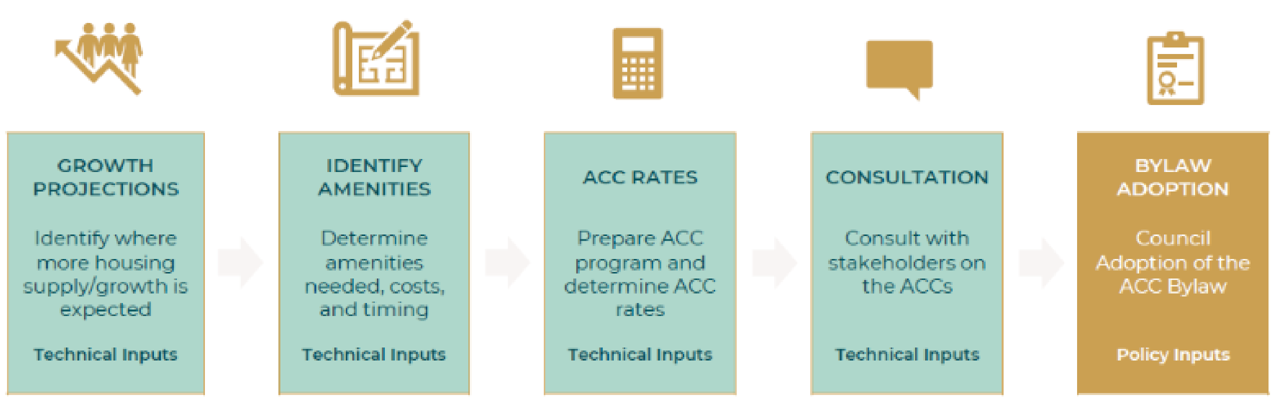
Table 1: Proposed Residential and Commercial Amenity Cost Charge Rates

Land Use	Unit	Total Proposed ACC Rate
Low-Density Residential	per lot or dwelling unit	**$6,643.00**
Medium Density Residential	per unit	**$3,618.00**
High Density Residential	per m^2 of GFA	**$42.56**
Commercial	per m^2 of GFA	**$13.84**

Implementation Timeline

The City has retained Urban Systems to support both DCC and ACC work. The draft DCC bylaw is scheduled to be presented to Council in November for consideration of bylaw readings. The ACC rate process steps are illustrated on Figure 1 below.

Figure 1: Amenity Cost Charges Rate Process



Unlike DCC bylaws, ACC bylaws do not require Inspector of Municipalities approval between third and fourth reading, which will streamline the timeline for adoption and allow both the ACC and DCC bylaws to be adopted at the same time. Implementing revised DCCs and a new ACC at the same time will provide administrative efficiency and process clarity. The next step in the process is to conduct interested party engagement and then present the ACC bylaw to Council for consideration of readings.

PUBLIC ENGAGEMENT:

Per the ACC Best Practices Guide[2] and Section 570 of the *Local Government Act*, consultation with interested parties is required as part of developing or updating an ACC program. Consultation with interested parties promotes transparency, trust, and fairness. The consultation process must involve consultation with parties considered to be affected by the development of an ACC bylaw, which could include the public, development community, and other organizations. One or more opportunities must be provided in a manner the local government considers appropriate.

All three regional municipalities and the CVRD conducted a Development Industry Consultation on July 21, 2025, to review proposed Development Cost Charges; however, the City's ACC rates were not presented at this event. An additional Development Industry engagement has been scheduled for October 21 to review several projects underway including the proposed ACC and DCC program and rates.

Supporting information will also be made available on the City website and shared on social media. Feedback received will be included when presenting the ACC Bylaw to Council for further consideration.

FINANCIAL IMPLICATIONS:

Approval of the ACC bylaw enables collection of charges on new subdivision and building permits applicable under the bylaw. The 12-month grace period protects all instream applications if the permits are issued within 12 months. The total revenue anticipated is subject to actual growth and density of developments.

ACC revenues from new development will provide dedicated funding for recreation and culture infrastructure needed to support population growth. Implementing the program promptly will ensure that new development contributes its fair share towards these costs and will help reduce the financial burden on existing taxpayers.

As illustrated in Table 2, based on the projected growth rates and the proposed ACC rates with a 1% municipal assist, the program could collect up to $26 million over the 20-year program from development activity, offsetting the projected $73 million in capital costs. The resulting municipal responsibility is a contribution of $43 million over the 20-year program equaling an annual responsibility of $2.3 million. The municipal responsibility would increase should Council elect to increase the assist factor from 1%, resulting in an additional costs to the existing taxpayer.

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[2] https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/finance/amenity_cost_charge_best_practices_guide.pdf

Table 2: ACC program inputs and municipal share

	Program Inputs			Developer Responsibility	Municipal Responsibility	
Service	Total Capital Costs	Benefit Factor	Municipal Assist Factor	ACC Recoverable Program Costs	Municipal Costs	Annual Municipal Costs (20 y)
Amenities	$73 M	25-50%	1%	$26 M	$47 M	$2.3 M

Establishing ACC programs will assist in financial planning for recreation and cultural infrastructure and facilities related to growth. Any money collected is kept in reserve until projects are advanced for approval. The use of ACC funds is restricted, limited to only funding the growth-related costs of projects that are identified in the program.

Cyclical reviews of the programs are necessary and provide an opportunity to report back on the efficacy of the program. The ACC program should be reviewed when master plans are completed and revised every 3-5 years. It is recommended to time these updates with DCC program updates to create efficiencies and ensure alignment. Regular updates can prevent sudden rate increases, which may affect development viability.

The Province has recently announced that it will be amending the Development Cost Charge and Amenity Cost Charge (Installments) Regulation to expand the use of on-demand surety bonds[3] province-wide. Pre-approved developers will have the option to defer 75% of their DCCs charges until occupancy or within 4 years (currently 2), whichever comes first, following a permit approval. The changes are expected to come into effect on Jan. 1, 2026.

ADMINISTRATIVE IMPLICATIONS:

Planning and Development Services is leading the ACC project with the support of Urban Systems. Support from Recreation, Culture and Community Services and Financial Services is required to develop the ACC program, and establish cost estimates. City staff will be required to support the consultant team with the coordination and preparation of the ACC bylaw for adoption. Cross-departmental coordination is required to implement the ACC.

[3] On-demand surety bonds are financial guarantees that developers provide to give assurances that they will fulfil their contract. Currently the City requires a different financial tool, known as irrevocable letters of credit from a bank. Developers prefer on-demand surety bonds because they do not restrict a developer's access to credit. An on-demand surety bond can be converted to cash within 15 days without court involvement.

STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Buildings and Landscape - Update Development Cost Charges (DCC) Bylaw

OPTIONS:

1. THAT Council receive the "Amenity Cost Charge Program and Rates" report;

   AND THAT Council direct staff to proceed with a consultation session with stakeholders to inform the Amenity Cost Charges (ACC) program development prior to consderation of an Amenity Cost Charges bylaw.

2. THAT Council receive the "Amenity Cost Charge Program and Rates" report and not proceed with an Amenity Cost Charges (ACC) bylaw at this time.

3. THAT Council provide alternative direction to staff.

ATTACHMENTS:

1. Attachment 1 – Draft Amenity Cost Charge Bylaw Development Report
2. Attachment 2 – Council Presentation on DCC and ACC (December 2024)

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