

# MEMORANDUM

DATE February 25, 2026 FROM Nancy Henderson, Senior Local Government Advisor;  
Samantha Bowen, Community Consultant  
TO City of Courtenay Staff FILE 3332.0098.01  
SUBJECT City of Courtenay's ACCs and the Municipal Assist Factor

## 1.0 INTRODUCTION

This memorandum responds to Council's direction to illustrate the impacts of potential adjustments to the Municipal Assist Factor (MAF) for the City of Courtenay's (City) ACC rates, per *Amenity Cost Charges Bylaw No. 3207, 2025*.

The following sections will outline the:

- **Legislative Background (Section 2)** – Overviews the MAF and how it may be used or adjusted, per the *Local Government Act* and the *Amenity Cost Charges Best Practices Guide*.
- **Financial Impacts of Phasing in the ACC Rate (Section 3)** – Includes models of the following three scenarios:
  1. Phasing in the ACC through gradual reductions to the MAF over a 3-year period, starting at 10% and decreasing by 5% annually thereafter to the minimum 1%;
  2. Increasing the MAF to 5% (time period to be determined); and,
  3. Increasing the MAF to 10% (time period to be determined).
- **Financial Considerations (Section 4)** – Items of consideration when phasing in, or increasing the MAF in, an ACC program.

For more information on the ACC program and the decisions made to-date, reference may also be made to past staff reports presented at the October 15 and December 11, 2025 Council meetings.

## 2.0 LEGISLATIVE BACKGROUND

Per s. 570.2(2) and s. 559(2) of the *Local Government Act (LGA)*, the purpose of ACCs and DCCs are to assist with funding ACC- and DCC-eligible projects; both new development and the local government are expected to contribute to growth-driven amenities and infrastructure projects. In addition to project-specific benefit allocations, the MAF is another tool through which the local government may provide financial assistance.

As a policy tool, the MAF may be adjusted by Council to reflect the level of financial assistance the City will provide. Council may set the MAF anywhere from a minimum of 1% (least assistance) to a maximum of 99% (most assistance). The MAF may also be used as a mechanism to 'phase-in' an ACC or DCC program, with a higher MAF gradually reduced over time to allow the development community additional opportunity to acclimate to the new rates and ensure the local government is able to collect funds to support the construction of growth-driven amenity or infrastructure projects.

For ACC programs, the assist factor can vary by amenity category (e.g., libraries, community centres). The current proposed MAF is 1% per Council direction from June 2025.

## 3.0 FINANCIAL IMPACTS OF PHASING IN THE ACC RATE

### 3.1 PHASING IN THE ACC

**Table 1** below shows the impacts of phasing in the ACC over a 3-year period from a starting MAF of 10% to the minimum 1% in Year 3. Note that, at Council's discretion, the starting MAF may be anywhere between 1-99%, and the annual decreases may be more or less than 5%.

*Table 1. Impact of Phase-in on ACC Rates*

	Y1 - 10% MAF	Y2 - 5% MAF	Y3 - 1% MAF (Current)
Low Density Residential	\$6,039	\$6,374	\$6,643
Medium Density Residential	\$3,289	\$3,472	\$3,618
High Density Residential	\$38.70	\$40.84	\$42.56
Commercial	\$12.58	\$13.28	\$13.84

Under this scenario, decreasing the MAF each year would increase the ACC revenue collected annually (i.e., the responsibility of the development community increases).

By opting to increase the MAF, the City will also forego ACC revenue that would have otherwise been collected from the development community. In this scenario, the City would lose approximately **\$169,653.80** in revenue over the course of this phase-in program. This loss of revenue must be made up through non-ACC sources, such as grant funding, general taxation, or utility rates.

Note the City's Municipal Responsibility (i.e., the portion of the ACC program attributed to existing growth) includes the Municipal Assist Factor amounts and therefore also increases by approximately **\$169,653.80**. As such, the Municipal Responsibility will increase in lockstep with any increases to the Municipal Assist Factor.

In calculating the foregone revenue and the City's increased Municipal Responsibility, this scenario does not consider the lost time-value of money (i.e., any interest that would be collected). The scenario also assumes consistent development and does not factor in any variations in development patterns or population growth, which may result in fluctuating revenues each year.

**Table 2** below highlights the expected and foregone revenue each year based on the MAF, along with the impacts to the Municipal Responsibility portion of the ACC program.

*Table 2. Foregone Revenue (Annual)*

	Y1 - 10% MAF	Y2 - 5% MAF	Y3 - 1% MAF
Low Density Residential	\$196,267.50	\$207,155	\$215,897.50
Medium Density Residential	\$427,570	\$451,360	\$470,340
High Density Residential	\$460,160	\$485,600	\$506,080
Commercial	\$90,764.70	\$95,815.20	\$99,855.60
<b>TOTAL (ANNUAL)</b>	<b>\$1,174,762.20</b>	<b>\$1,239,930.20</b>	<b>\$1,292,173.10</b>

**FOREGONE REVENUE  
(ANNUAL)**

-\$117,410.90      -\$52,242.90      \$0.00

**TOTAL FOREGONE REVENUE**

-\$169,653.80

*\*Numbers may not align with ACC rates due to rounding.*

### 3.2 INCREASING THE MAF TO 5% OR 10%

The following rate table (**Table 3**) compares the proposed rates at a 1% MAF to those resulting from a 5% or 10% MAF. Note these rates are the same as those included at the 5% and 10% MAF levels in the phase-in scenario above.

*Table 3. 1%, 5%, and 10% MAF ACC Rates*

	Rates			Units of Charge
	1% MAF (Current)	5% MAF	10% MAF	
Low Density Residential	\$6,643	\$6,374	\$6,039	per lot
Medium Density Residential	\$3,618	\$3,472	\$3,289	per unit
High Density Residential	\$42.56	\$40.84	\$38.70	per m <sup>2</sup> GFA*
Commercial	\$13.84	\$13.28	\$12.58	per m <sup>2</sup> GFA

*\*GFA = Gross Floor Area*

## 4.0 FINANCIAL CONSIDERATIONS

As the tables in **Section 3.0** show, opting to increase the ACC program's MAF entirely (to 5% or 10%) or to phase-in the ACC over a set period of time has a relatively low financial impact to the development community. However, a phase-in does allow the development community more time to adjust to the increased rates and recognizes current market conditions.

For the City, a phase-in over 3 years would have a small impact on the City's budget and would necessitate the identification of an alternative revenue stream to fund any additional foregone revenue until the MAF reaches the minimum 1%.

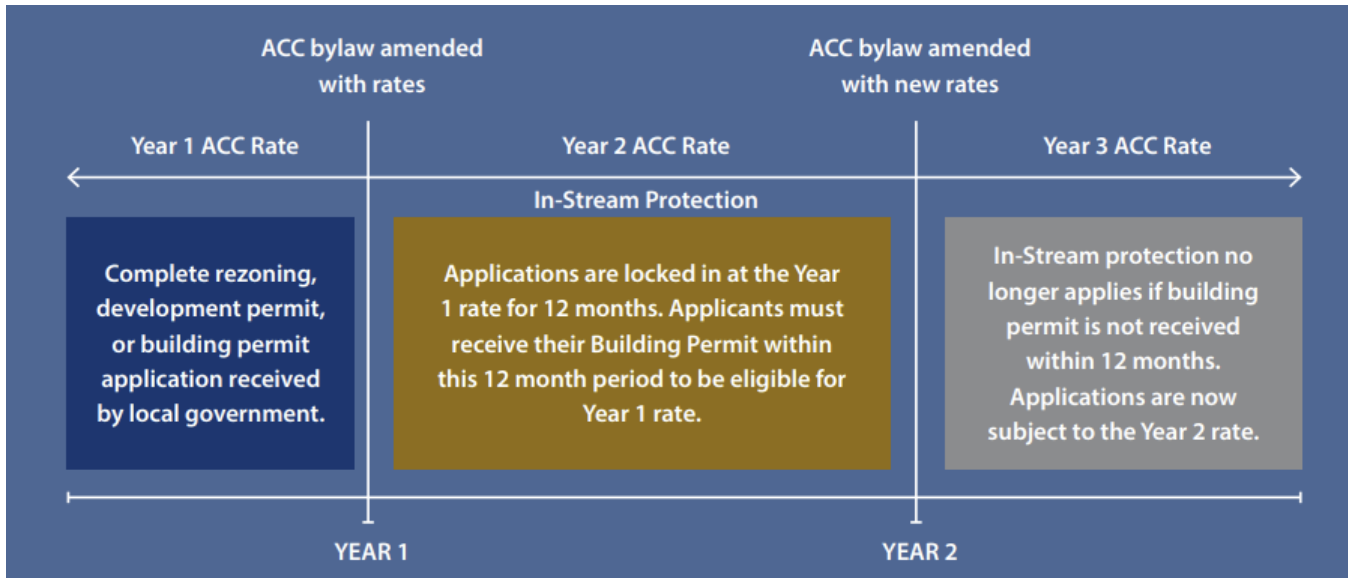
Phased-in ACC (or DCC) programs also require significant staff capacity and typically result in higher administrative costs. Those responsible for overseeing the tracking of DCC and ACC expenditures would need to account for the annual rate changes, as would those responsible for calculating and collecting charges on developments (e.g., front-counter staff). All staff involved in the implementation of the ACC program would also need to be aware of the in-stream protection periods and how those would be impacted by a phased-in ACC program.

The one-year in-stream protection requirement would also have an impact on phasing-in an ACC, with new rates only taking effect *after* the one-year grace period.

For example, if the new ACC bylaw was adopted effective February 1, 2026 with a 10% MAF, those rates would only be in effect beginning February 1, 2027 (all in-stream applications received prior to February 1, 2026 would pay no ACCs; any new applications following the adoption date of February 1, 2026 would pay the 10% MAF ACC

rates). Similarly, if the MAF were to decrease from 10% to 5% effective February 1, 2027, the increased ACC rates would only be charged beginning February 1, 2028 on all in-stream applications (unless amended). More information can be found in the image below (sourced from the Amenity Cost Charge Best Practices Guide):

Figure 1. ACC Rates and In-stream Protection



Should Council opt to increase the MAF altogether, this would result in a larger financial impact to the City over the course of the ACC program's 20-year time horizon and the identification of a long-term funding source to off-set the increased Municipal Responsibility portion of the ACC program.

Note that the City should also update the ACC rates annually to capture inflationary adjustments. Completing these updates would necessitate bylaw updates. It is best practice to complete these in tandem with any DCC updates.

## 5.0 CONCLUSION

This memorandum aims to highlight the financial impacts of adjusting the Municipal Assist Factor on the City's proposed ACC rates. We trust this information will be helpful to City staff and Council as consideration is given to the third reading of the proposed *Amenity Cost Charge Bylaw No. 3207, 2025*. Thank you for the opportunity to assist on this important work.

Sincerely,

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