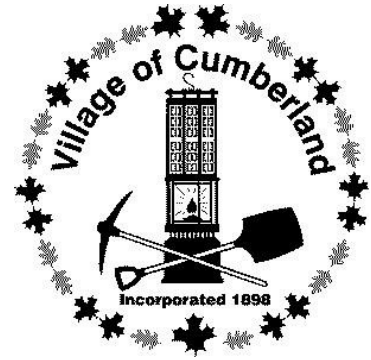


COMMITTEE OF THE WHOLE REPORT



REPORT DATE: May 14, 2025
MEETING DATE: May 26, 2025

File No. 6630-20

TO: Mayor and Councillors
FROM: Courtney Simpson, Director of Development and Bylaw Services
SUBJECT: Amenity Cost Charge Program and Rates

RECOMMENDATION

THAT the Committee identify the preferred Amenity Cost Charge rate option and related project list; and

THAT the Committee direct staff to proceed with joining the regional development finance engagement session; and with conducting a local consultation session with interested parties.

PURPOSE

The purpose of this report is to provide the Committee with an update on the development of Cumberland's Amenity Cost Charge Bylaw and to seek endorsement regarding the next steps in advancing the development of the ACC program and bylaw. The bylaw will be presented to Council in a future meeting. Urban Systems will provide a presentation and additional detail at the May 26th, 2025 Committee of the Whole meeting.

BACKGROUND

In March 2025, Urban Systems began working with Village staff on development of an Amenity Cost Charge (ACC) program. This program would work in tandem with the Village's existing Development Cost Charge (DCC) Bylaw.

Introduced in the fall of 2023, ACCs are a new financing tool created through changes introduced to the *Local Government Act* by Bill 46. Over time, it is expected that ACCs will replace Community Amenity Contributions (CACs). Bill 46 also included changes to the DCC financing tool, namely its expansion to include new categories.

ACCs are fundamentally similar to DCCs and are intended to recover the cost of new 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 daycare facility.

Since the upgrading of existing amenities will also serve the existing population in the Village, ACC programs are required to demonstrate how costs are apportioned between new growth and existing development.

Urban Systems and Village staff have prepared and designed a proposed Village-wide ACC program that can be brought forward for Council and interest holder consultation before bylaw approval. To prepare the program, staff and consultants met to determine projects and discuss necessary ACC rate considerations to ensure ongoing development viability. This discussion resulted in the realization that the Village's ACC program project list must be limited to a short-list of projects and associated costs to not deter development. The identification of a recreation centre expansion as a necessary project to serve a growing population, along with the potential inclusion of a daycare facility (either separate from the recreation centre or as part of its building footprint) are recommended as the priority amenities to support growth. Staff are looking for Council's input on whether the daycare should be included in the proposed ACC program.

Where possible, staff and consultants ensured alignment with the Village's existing DCC program (i.e., program timeframe of 20 years, units of charge, and land use categories). The result of this work is summarized in a presentation included as Attachment 1.

Community Amenity Contributions

Bill 46 changes to the Local Government Act, including the ACC financing tool, is intended to replace Community Amenity Contributions (CACs). Like many other British Columbia municipalities, the Village has a CAC Policy.

The Village's policy relies on voluntary contributions at time of OCP and zoning amendments and is based on a similar concept aiming at recovering cost related to growth from new development. The rationale has generally been that the increased density creates new, not previously anticipated needs for parks, affordable housing and facilities.

The Village's policy on CACs is found in Official Community Plan, policy 5.15(6) as follows:

Zoning and OCP amendment applications shall demonstrate that the project proposed will provide benefit to the community as a whole. Council and staff will evaluate the proposal on this basis. Demonstrable community benefit includes:

- a. Providing a use that is responding to community need*
- b. Providing an amenity that will benefit the residents of Cumberland (including, but not limited to):*
 - i. Affordable housing, with a signed housing agreement with the Village*
 - ii. Park dedication (in addition to the minimum requirements for subdivisions that trigger a five percent dedication)*
 - iii. Fire and emergency services department contributions*
 - iv. Provision of off-site infrastructure, or upgrades*
 - v. Inclusion of universal designed and adaptable housing*

c. Appropriateness of the development proposal

d. Integration with the immediate community

The current legislation does not preclude local governments from continuing to negotiate CACs; however, it is important that the Village does not double charge for specific amenities. The proposed ACC Program does not include any of the specifically mentioned amenities noted in the OCP CAC policy to avoid the risk of double charging. If legal advice or legislation changes, staff will inform Council accordingly.

Project Eligibility

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. Examples of amenities that are eligible for inclusion in an ACC program are:

- Community, youth or seniors' centres;
- Daycare facilities;
- Libraries;
- Recreation or athletic facilities; and,
- Public squares.

ACCs cannot be used to fund:

- Affordable housing;
- Operations and maintenance costs;
- Existing deficiencies;
- Asset replacement; and,
- Projects eligible for inclusion in a DCC program.

The proposed ACC program includes the cost to increase recreation centre space to meet anticipated population growth over the next 20 years and, potentially, the inclusion of a daycare facility (either as a standalone project or as part of the recreation centre's building footprint). ACC revenues are not eligible to be spent to on replacing existing facilities or existing deficiencies to meet the needs of the current population.

Technical Inputs

The ACC rates are based on Village-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) are proposed to be charged.

Fairness and equitable distribution of capital costs among those parties receiving a benefit is a guiding principle of DCCs and suggests that certain ACC/DCC 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 MAF is designed to be a policy decision for Councils; it allows them 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 in the Village. Most municipalities select a 1% MAF, but 'phasing in' ACCs or DCCs through the gradual, year-over-year reduction of the MAF (e.g., from 50%, to 25%, to 10%, to 1% over 4 years) is starting to become more common in response to economic pressures on the development community.

Ultimately, the MAF should reflect the community's support for financing growth-driven amenity needs.

Economic Analysis

When setting ACC rates, section 570 of the *Local Government Act* includes requirements for local governments to consider whether the charges will deter development or discourage the construction or provision of reasonably priced housing or land through economic analysis or financial feasibility testing. The extent of this analysis will vary based on factors such as whether the ACC is being introduced for the first time, the magnitude of the proposed changes, and the local housing market and land supply conditions. In some cases, a high-level qualitative assessment of market conditions will suffice. The Village has financial feasibility analysis underway for another project that will be reviewed as part of the ACC review to understand the impacts of charges on 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. The allowable height and density of a project are regulated by the site's zoning. When zoning changes to permit greater density, land values often rise, as increased density effectively adds more land by allowing more buildable space. 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 Village is currently preparing a revised OCP to reflect 20-year housing needs and is completing a Zoning Bylaw Review, the consideration of an ACC is well-timed.

Interested Parties Consultation

Per the Guide and s. 570 of the *Local Government Act*, interested parties consultation 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 are currently developing DCCs and/or ACCs; CAOs from the CVRD, Courtenay, and Comox have discussed hosting a Valley-wide engagement session to provide an opportunity for interested parties to efficiently provide feedback to each local government/regional district's development finance updates at a combined event recognizing that interested parties often work in all the Comox Valley jurisdictions. It is recommended that the Village participate in this collaborative session based on Council's direction.

Other ways of providing feedback opportunities include making information (e.g., display boards, posters) available at the Village Office and/or Recreation Centre for interested parties to review. Supporting information will also be made available on the Village website. Informing the community about the ACC and associated information on the website can be shared on social media.

Feedback received will be included when presenting the ACC Bylaw to Council for further consideration.

ACC Implementation

While Ministry approval from the Inspector of Municipalities is not required for the implementation of an ACC program, the Village must adopt a bylaw that identifies:

- Definitions of development categories;
- Extent of the bylaw (i.e., area-specific or Village-wide);
- ACC calculations and how the charges were calculated for each development type;
- Exemptions;
- Waivers and Reductions;
- Density Bonus Zoning;
- How ACCs are charged on redevelopment;
- How ACCs are charged on mixed use;
- The effective date; and,
- If the ACCs will be phased in.

The ACCs must also be deposited into a statutory reserve fund, which is to be established by a separate bylaw. This reserve fund is limited to only funding the growth-related costs of projects identified in the ACC program.

As is also the case with DCCs, there is a 12-month in-stream protection period for any applicants who submitted complete building permit, development permit, or Zoning Bylaw amendment

applications before the effective date of the ACC bylaw.

It is best practice to regularly update ACC programs to ensure costs and projects remain up-to-date. The Guide recommends timing these updates with DCC, Official Community Plan, or Housing Needs Report program updates to create efficiencies and ensure alignment.

Exemptions

The *Local Government Act* establishes several situations where a development is exempt from ACC 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.

Draft Rate Options

Two draft ACC rate options were identified for Council consideration. Both options include the Recreation Centre expansion, but only Option 1 includes a daycare facility. The daycare facility could be a standalone facility or nestled within the Recreation Centre redevelopment/expansion (cost estimates would vary slightly as a result); it is currently assumed that the daycare would be standalone. Each option includes 40% contingency on the included amenities.

In both options, a 25% benefit allocation to growth was determined based on the expected population growth over the program timeframe of 20 years. It is estimated that the population will grow from 4,800 to 6,401 (an increase of 1,601) in 20 years, or roughly 25%.

Both options anticipate a 1% municipal assist factor. Should Council wish to increase the assist factor, this would result in an increase to the municipal responsibility. The consultant's presentation will illustrate the impacts of a phased in approach for consideration.

As part of the presentation to Council, Urban Systems will outline the below options in greater detail.	Option 1	Option 2
<i>Option Summary</i>	Rec Centre + Daycare 25% Benefit Allocation to Growth, with 40% Contingency	Rec Centre Only 25% Benefit Allocation to Growth, with 40% Contingency
Low Density Residential	\$9,621.40	\$8,233.74
Medium Density Residential (Townhouse)	\$6,470.73	\$5,537.48
High Density Residential (Apartment)	\$4,742.95	\$4,058.88

The other 75% of the project is attributed to the existing population, which results in the following municipal responsibility (i.e., what the Village will be required to pay):

	Option 1	Option 2
<i>Option Summary</i>	Rec Centre + Daycare	Rec Centre Only
Municipal Responsibility	\$16,489,809	\$14,111,532
Annual Municipal Responsibility (20y)	\$824,490	\$705,577

Next Steps

Next steps are focused on finalizing the program, proceeding with interested parties engagement, and preparing the bylaw for Council adoption.

FINANCIAL IMPLICATIONS

This is a new revenue stream. However, it is expected that the Village will pay a portion of the costs (the 'Municipal Responsibility').

As also noted above, the ACCs must also be deposited into a statutory reserve fund, which is to be established by a separate bylaw. This reserve fund is limited to only funding the growth-related costs of projects identified in the ACC program.

OPERATIONAL IMPLICATIONS

Village staff will be required to support the consultant team with the coordination and preparation of the ACC bylaw for adoption.

CLIMATE CHANGE IMPLICATIONS

Collecting ACCs for a recreation centre with or without a childcare facility will help the Village provide needed facilities in the local area so that residents do not need to travel outside of the Village. Reducing travel for daily needs is one of the most important ways a community can lower its greenhouse gas emissions, that is within the control of the municipality to influence.

ALTERNATIVES

1. THAT Council direct staff not to advance the development of an ACC program at this time.
2. THAT Council direct staff to revise ACC program and rates.
3. THAT Council direct staff to increase the municipal assist factor.

STRATEGIC OBJECTIVE

- ☐ Diverse & Healthy Community
- ☒ Sustainable Service Delivery & Asset Management
- ☒ Community Planning

The ACC Program aligns with several of Council's strategic objectives and contributes to the Village's commitment to boosting economic development, ensuring the provision of necessary infrastructure, and creating a more complete community.

ATTACHMENTS

1. Amenity Cost Charge Council Presentation Slides

CONCURRENCE

None.

Respectfully submitted,

C. Simpson

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