


BRITISH COLUMBIA

AMENITY COST CHARGE
Best Practices Guide

March 2025


Land Acknowledgement

The BC Public Service acknowledges the territories of First Nations around BC and is grateful to carry out its work on these lands – it acknowledges the rights, interests, priorities, and concerns of all Indigenous Peoples – First Nations, Métis, and Inuit – respecting and acknowledging their distinct cultures, histories, rights, laws, and governments.

Acknowledgements and **Preface**

The ACC Best Practices Guide ("the guide") serves two main objectives to:

1. **encourage local governments to standardize the creation and management of Amenity Cost Charge programs; and,**
2. **provide flexibility to accommodate the unique circumstances of each local government.**

The best practices in the guide were developed through collaboration among the Province, local governments, and representatives from the development community.

Local governments who adopt these recommended practices can improve the transparency and clarity of their ACC programs.

A companion document, the *Amenity Cost Charge Guide for Elected Officials*, provides a concise overview of the legislative requirements and best practices included in thisw guide. There is also a separate guide available for Development Cost Charges (DCCs).

ACCs are one method of funding the capital costs associated with new development. For information on additional financing tools, please visit the Local Government Development Financing webpage at:

https://www2.gov.bc.ca/gov/content/governments/local-governments/finance/local-government-development-financing

This webpage provides an overview of available funding tools for local governments and includes resources such as the *Development Finance Choices Guide*, which outlines considerations for selecting financing tools and offers guidance on their design and implementation.

Enquiries

The *Amenity Cost Charge Best Practices Guide* is the responsibility of the Ministry of Housing and Municipal Affairs. Enquiries regarding this material should be directed to:

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Disclaimer

The information contained in the *Amenity Cost Charges Best Practices Guide* is provided as general reference and while all attempts have been made to ensure the accuracy of the material – the guide is not a substitute for provincial legal advice.

Please refer directly to the latest consolidation of provincial statutes at BC Laws (www.bclaws.ca) for specific development finance-related provisions and requirements within the legislation, including *Local Government Act, the Community Charter, the Vancouver Charter and the Offence Act.*

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Introduction

The Province established a regulatory framework for Amenity Cost Charges (ACCs) for local governments to fund the amenities to support new development.

ACCs are a development financing tool that enables local governments to collect funds for amenities such as community centres, recreation facilities, libraries, daycares, and public spaces. These amenities play a vital role in creating liveable, complete communities in areas experiencing growth. ACCs are intended to offset the capital costs associated with the increased need for local government services arising from new development. These are referred to as development-related capital costs.

Objectives of this Guide

This guide is designed to help local governments prepare and implement ACC bylaws. It complements the *Development Cost Charges Best Practices Guide* and other guidance on funding tools available under Provincial legislation. For more information please visit: Local government development financing - Province of British Columbia.

While ACCs are distinct from Development Cost Charges (DCCs), local governments are encouraged to adopt many of the principles and practices from the *Development Cost Charges Best Practices Guide* when developing an ACC program. These well-established DCC practices can help affected parties understand the rationale behind ACCs and provide valuable guidance in the ACC program development process. The ACC framework is rooted in the foundational principles set out in the *Development Cost Charges Best Practices Guide*.

Ministry Support

Local governments may collect ACCs at the time of subdivision approval or at the time of building permit issuance from any new development that increases the population of residents or workers in areas where growth is planned. ACCs must be implemented and imposed through a bylaw and the bylaw development process must follow the processes and requirements set out in legislation and detailed in this guide.

Local governments have the option to implement the ACC tool at their discretion and can introduce an ACC bylaw at any time. ACC bylaws do not require approval from the Inspector of Municipalities. However, local governments are encouraged to contact the Ministry of Housing and Municipal Affairs and seek independent legal advice when they have questions about the applicability of ACCs within their jurisdiction or the contents of this guide.

Overview of Guide Structure

This guide is organized into two parts:

PART 1
The Guidebook

Provides an overview of ACCs and outlines the key steps for developing and implementing an ACC bylaw. It also explains how local governments can use ACC waivers and reductions effectively and sets out best practices for the administration and collection of ACCs.

PART 2
Technical Manual

Serves as a Technical Manual, detailing the process for calculating ACCs in compliance with the provisions of the LGA.

Guiding Principles

The guide is based on six guiding principles, which local governments should follow in developing an ACC bylaw.

Principle 1: Integration with Local Government Land Use Planning
The ACC program serves as one component of a comprehensive development finance strategy that reflects broader community goals and needs, as identified in local government planning documents, such as the Official Community Plan (OCP), the Regional Growth Strategy (RGS) or neighbourhood plans.
The integration principle ensures that ACCs address the increased capital needs of growing communities while aligning with legislative requirements and planning frameworks. This includes consistency with community and land use plans, as well as the local government's financial plans.
Principle 2: Benefiter Pays
Those who benefit should contribute.
Amenity costs should be paid by those who directly benefit from local amenities, such as new residents and workers in areas experiencing growth.
Principle 3: Fairness and Equity
Costs should be distributed in a fair and equitable manner.
The fairness and equity principle suggests that ACCs should employ mechanisms that distribute these costs between existing users and new users (new development) in a fair manner. Within the portion of costs that are attributable to new development, ACCs should be used to equitably distribute the costs attributable to new development across various land uses and different types of development projects.
Principle 4: Accountability
Those who pay know how much they will pay, how the charges were determined, and what the funds will support.
The accountability principle requires ACCs to be designed and implemented in ways that are clear, understandable, and predictable so that those who pay ACCs know how much they will pay, how the charges were determined, and what the charges will finance. An ACC program should be transparent with all relevant information accessible and clearly communicated.
Principle 5: Certainty
Certainty is built into the administration process through setting expected levels of development, stable rates, and timely construction.
The certainty principle requires that ACCs be a coordinated effort, where the local government's role is to forecast the level of development expected, based on regional and community planning and serve as the administrator of the ACC program. Certainty should be built into the ACC process to ensure stable charges and orderly construction of amenities. Stable ACC rates help the development industry in project planning. Poor planning can lead to delays or even cancellation of development projects.
Principle 6: Consultative Input
There must be meaningful opportunities for informed input.
The consultative input principle requires that local governments developing an ACC program provide meaningful opportunities for informed input from the public and other stakeholders, ensuring the process considers a range of perspectives and aligns with community needs.

PART 1 The Guidebook

This section of the guide provides an overview of ACCs and outlines the key steps for developing and implementing an ACC bylaw. It also sets out how local governments can use ACC waivers and reductions effectively and best practices for the administration and collection of ACCs.

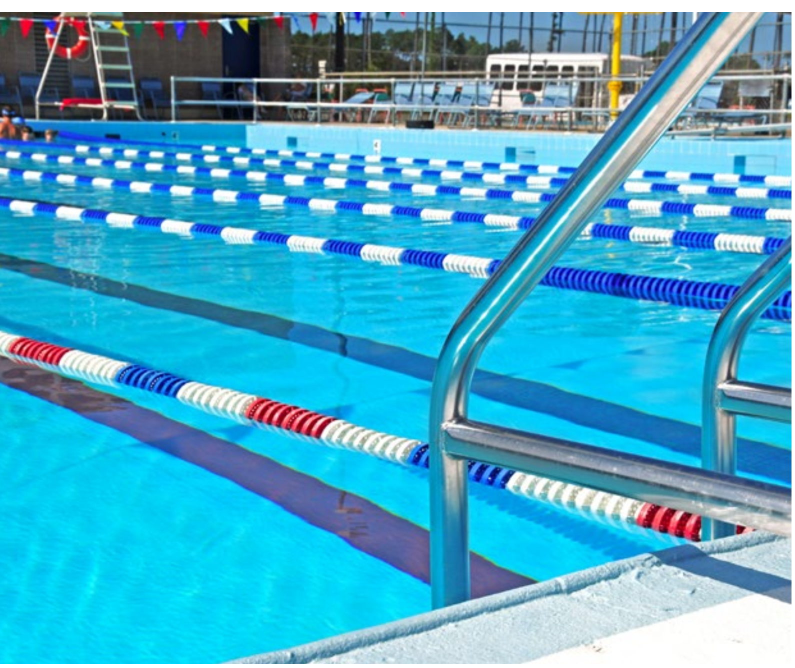
Chapter 1 Overview of ACCs

1.1 What are ACCs?

ACCs are a development financing tool that allows local governments to collect fees for amenities such as community centres, recreation facilities, libraries, daycares, and public spaces. These amenities support liveable and complete communities in areas of growth. ACCs are designed to cover a portion of the capital costs associated with the increased need for local government services arising from development (development-related capital costs).

1.1.1 Legislative Authority for ACCs in British Columbia

In the fall of 2023 *Bill 46 – 2023: Housing Statues (Development Financing) Amendment Act (Bill 46)* made amendments to Division 19.1 of Part 14 of the *Local Government Act* (LGA) and part XXIV-B of the *Vancouver Charter* to provide local governments (municipalities and regional districts) with new and expanded development finance tools. Amendments came into effect on November 30, 2023, as part of a broader legislative initiative known as the Housing Statute Amendments Acts.



These changes include:

- introducing Amenity Cost Charges (ACCs), a new development finance tool that allows local governments to collect funds for amenities, such as community centres, recreation centres, daycares, and libraries from new development that results in increased population; and,
- updating the scope of infrastructure eligible to be funded through DCCs and DCLs to include new categories of infrastructure - fire protection, police, and solid waste and recycling facilities.

In addition, Bill 46 made amendments to enable municipalities to collect and use DCCs/DCLs to finance their portion of highway facilities that are cost-shared between the province and the municipality, like interchanges and highway exits.

These legislative changes ensure that provincial housing priorities, such as increasing housing supply and creating complete, connected communities are supported by equipping local governments with development the finance tools they need to fund critical infrastructure that is required to support growth. ACCs are a key element of the new local government finance framework.

1.1.2 Coordination of ACCs with Development Cost Charges

DCCs are collected from developers by local governments to help offset a portion of the capital costs of installing certain local government infrastructure, the installation of which is directly or indirectly affected by the development of land or the alteration or extension of buildings[1]. Similar to ACCs, DCCs must be implemented by bylaw in

1 LGA, s.559(1) and (2).

accordance with LGA requirements, unlike ACCs, DCC bylaws require approval from the Inspector of Municipalities.

There is a clear distinction between the services and amenities that can be funded by DCCs and those eligible for ACC funding:

- **DCCs** fund engineering services (water, sewage, roads, and drainage), protection services (fire and police), parks (parkland), and waste management (solid waste and recycling).
- **ACCs** fund a broader set of amenities, such as community centres, recreation facilities, libraries, daycares, and public spaces, as defined in the LGA.

DCCs and ACCs have separate and clearly defined purposes: what is eligible for funding through DCCs cannot be funded by ACCs, and vice versa.[2]

ACC and DCC bylaws share many common principles and implementation processes. Local governments are therefore encouraged to conduct studies of these development finance tools concurrently to ensure that services and projects are appropriately allocated and that the flexibility afforded by the legislation is maximized.

Undertaking studies together can also enable local governments to assess development viability, streamline consultation efforts, and provide stakeholders with a comprehensive understanding of local government finance strategies.

An overview of ACC programs and other local government planning is shown in:

Figure 1: ACC Programs and Land Use Planning
Figure 2: Purpose of ACCs
Table 1: Difference Between ACCs and DCCs

More details about DCCs can be found in the *Development Cost Charge Best Practices Guide*.

2 LGA s.570.4 (4); Vancouver Charter s.523I (2).

Figure 1

ACC Programs and Land Use Planning

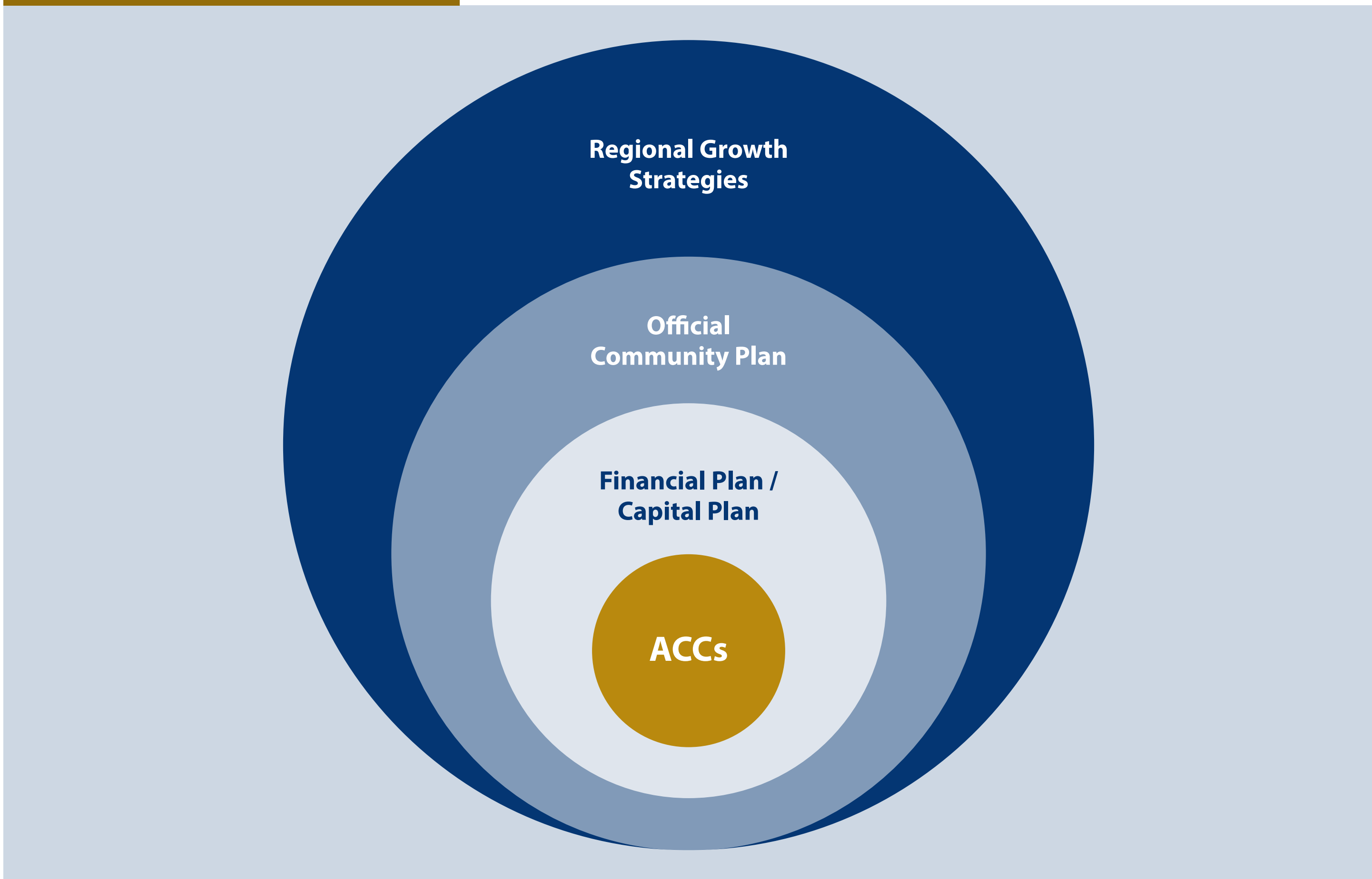


Figure 2
Purpose of ACCs

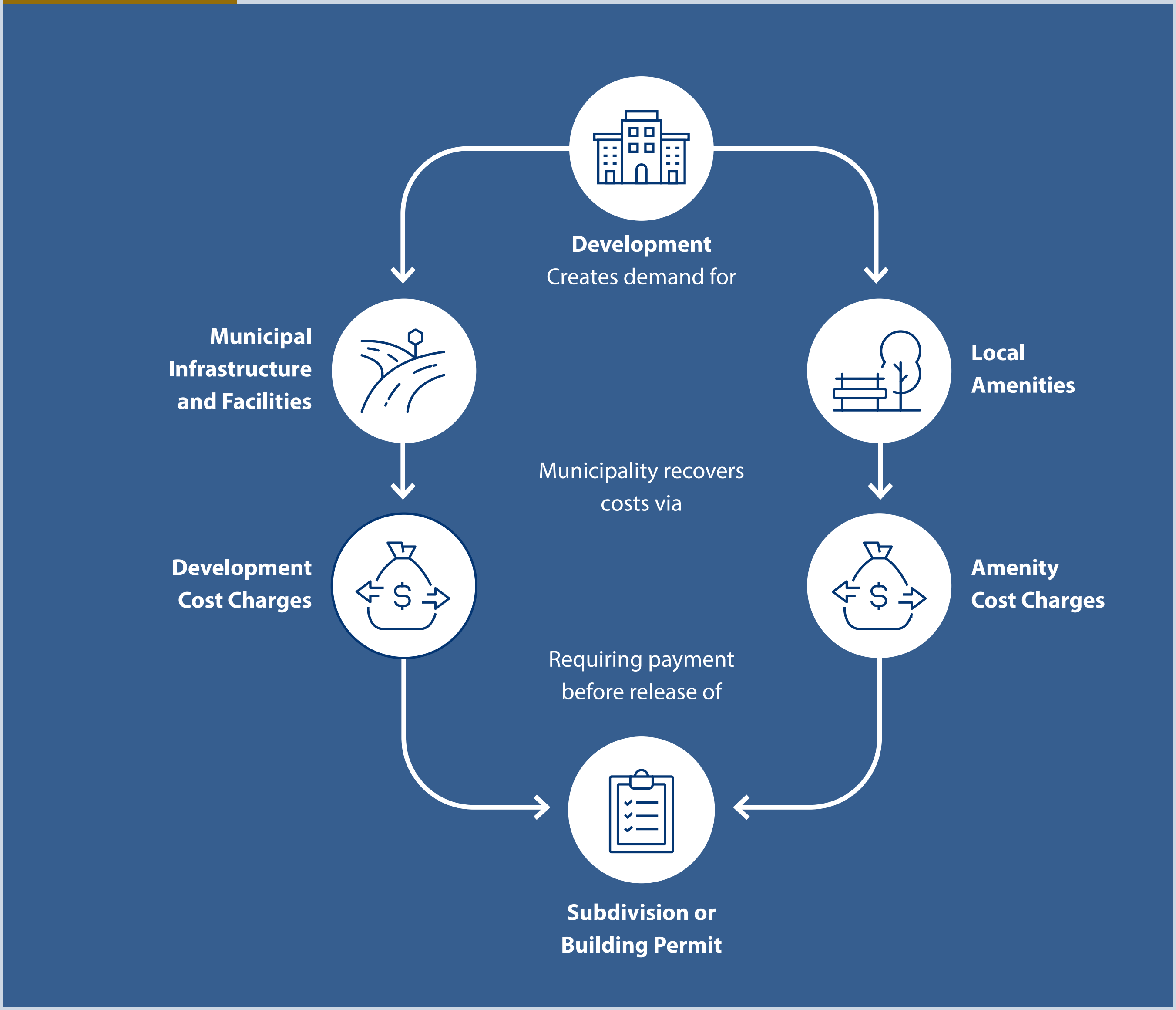


Table 1

Difference Between ACCs and DCCs

	Amenity Cost Charges (ACCs)	Development Cost Charges (DCCs)
Can be levied to recover costs for:	Any "Amenity" that provides social, cultural, heritage, recreational and environmental benefits, including but not limited to: • Community, youth or seniors' centres • Recreation or athletic facilities • Libraries • Day care facilities • Public squares	• Water • Sewer • Drainage • Highway Facilities • Parks Acquisition and Improvements • Fire Protection • Police • Solid Waste Facilities • Recycling Facilities
Inspector of Municipalities Approval:	Not required *(Inspector may request information)*	Required for bylaw passage
Consultation Requirement:	Consultation with public and affected persons, public authorities and organizations must occur one or more times	Not required by legislation *(but will be considered as part of Inspector review)*

1.1.3 Coordination of ACCs with Inclusionary Zoning

Bill 16, *Housing Statutes Amendment Act (2024)* introduced additional modifications to the local government land use planning framework, including provisions regarding tenant protection, works and services, and transportation demand management. The Act also empowers local governments to implement Inclusionary Zoning bylaws and update the existing Density Bonus (Density Bonus) tool. Both these tools are complementary to and work in tandem with ACC bylaws.

Inclusionary Zoning is a new land use tool that allows local governments to require that a portion of units in new residential developments be provided at below-market ("affordable") rates.[3] Local governments may accept cash-in-lieu for these affordable units or permit them to be provided on alternate sites. Inclusionary Zoning bylaws can apply to residential components within the TOA minimum allowable density envelope, whereas Density Bonus is not permitted within TOA minimum densities. Consultation and a financial feasibility analysis, which assesses the cost burden and viability of Inclusionary Zoning requirements for developers, are required to inform the development of these bylaws. Importantly, affordable housing units secured through Inclusionary Zoning bylaws are exempt from ACCs.

More details on Inclusionary Zoning can be found in the Ministry of Housing and Municipal Affairs' guidance on Inclusionary Zoning and Density Bonus.

1.1.4 Coordination of ACCs with Density Bonusing

Density Bonus is an existing tool that provides developers with the option to build to a higher density in exchange for providing new affordable housing or amenities. Such arrangements are typically used in redevelopment or infill situations and are intended to be mutually beneficial to both the local government and developer.

Under section 482(1) of the LGA, local governments can create zoning regulations that grant additional density in exchange for cash or in-kind contributions toward amenities, including on- or off-site affordable housing.

They can use these Density Bonus contributions to complement ACCs in a variety of ways, by applying:

- both Density Bonus conditions and ACCs on the same development;
- Density Bonus and ACCs separately on different developments; or,
- Density Bonus and ACCs in different locations.

However, local governments cannot apply Density Bonus contributions to amenities already covered by an ACC bylaw. For example, if a site-specific amenity project is included in a local government's ACC bylaw, the local government cannot use Density Bonus to secure that amenity. In this way, ACCs are designed to pay for amenities for the "base" density that is generally applicable to a zone, while Density Bonus contributions support amenities for the "bonus" density.

The practice of accepting cash-in-lieu of providing on-site amenities or affordable housing in exchange for bonus density is now clarified in legislation and includes new rules for how it can be collected and spent. If money is collected through a Density Bonus bylaw for an amenity, that money must be placed in a separate reserve fund and only used to pay for the capital cost (e.g. building, planning, engineering, legal, and interest costs of providing the amenity).

More details about Density Bonus can be found in the *Guidance on Inclusionary Zoning and Density Bonus*.

An overview of coordination with ACC programs and Inclusionary Zoning and Density Bonus is shown in:

Figure 3: Previous Framework for Funding Local Government Infrastructure for Development

Figure 4: New Framework (without Inclusionary Zoning)

Figure 5: New Framework (with Inclusionary Zoning), and Different Tool Application Considerations

Table 2: Different Tool Considerations and Applications

3 LGA s.482 (7).

Figure 3
Previous Framework for Funding Local Government Infrastructure for Development

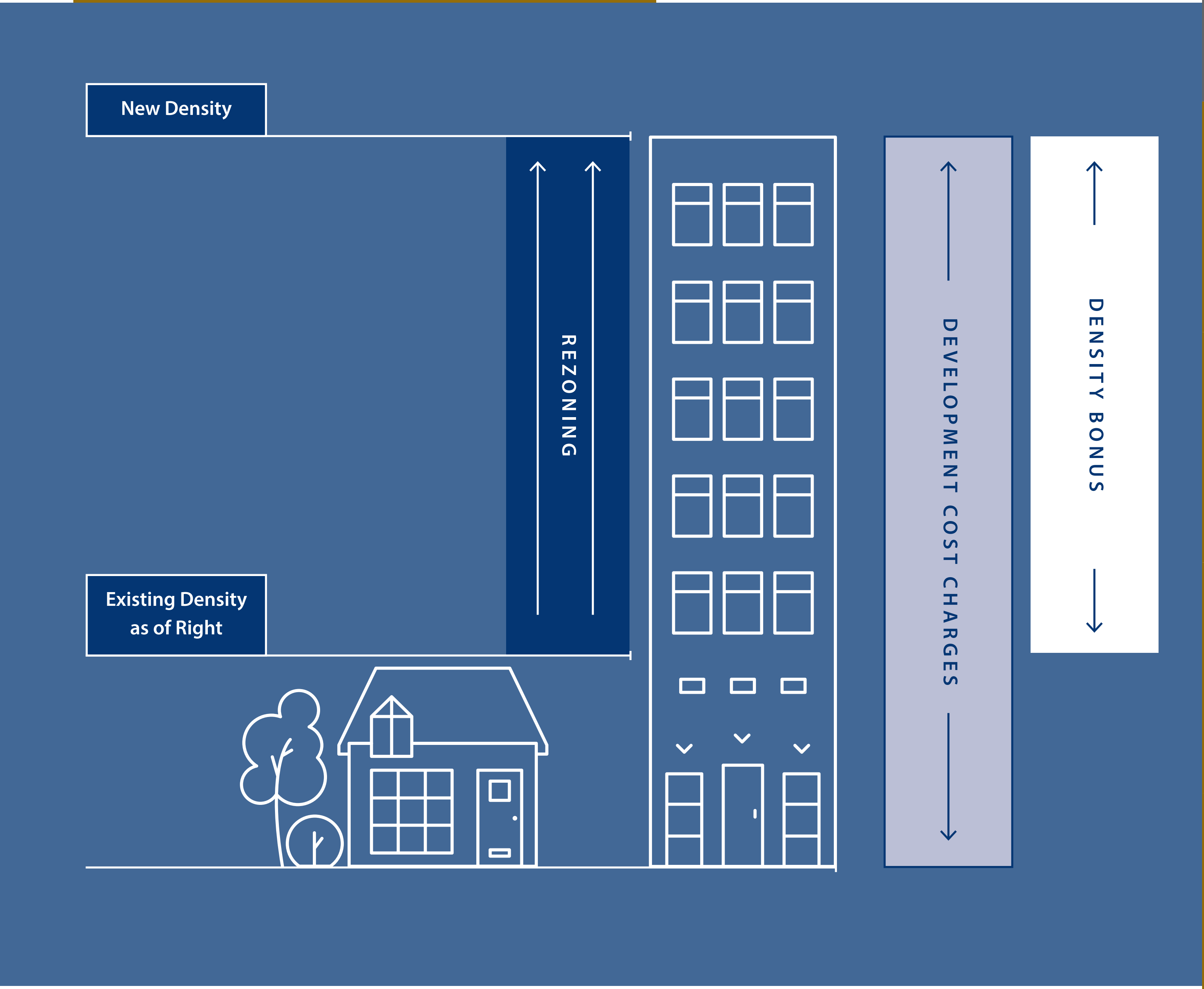


Figure 4

New Framework (without Inclusionary Zoning)

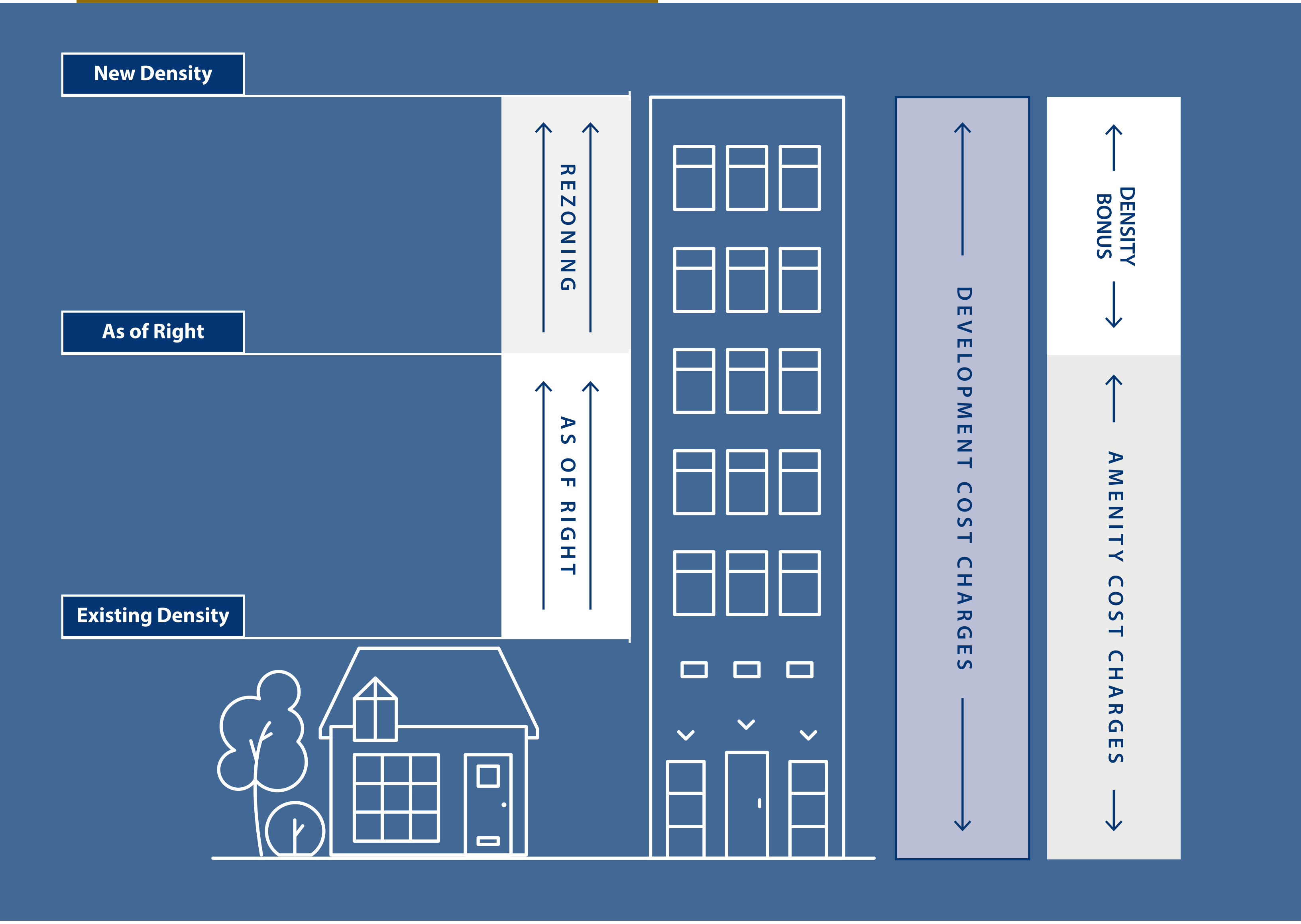


Figure 5

New Framework (with Inclusionary Zoning)

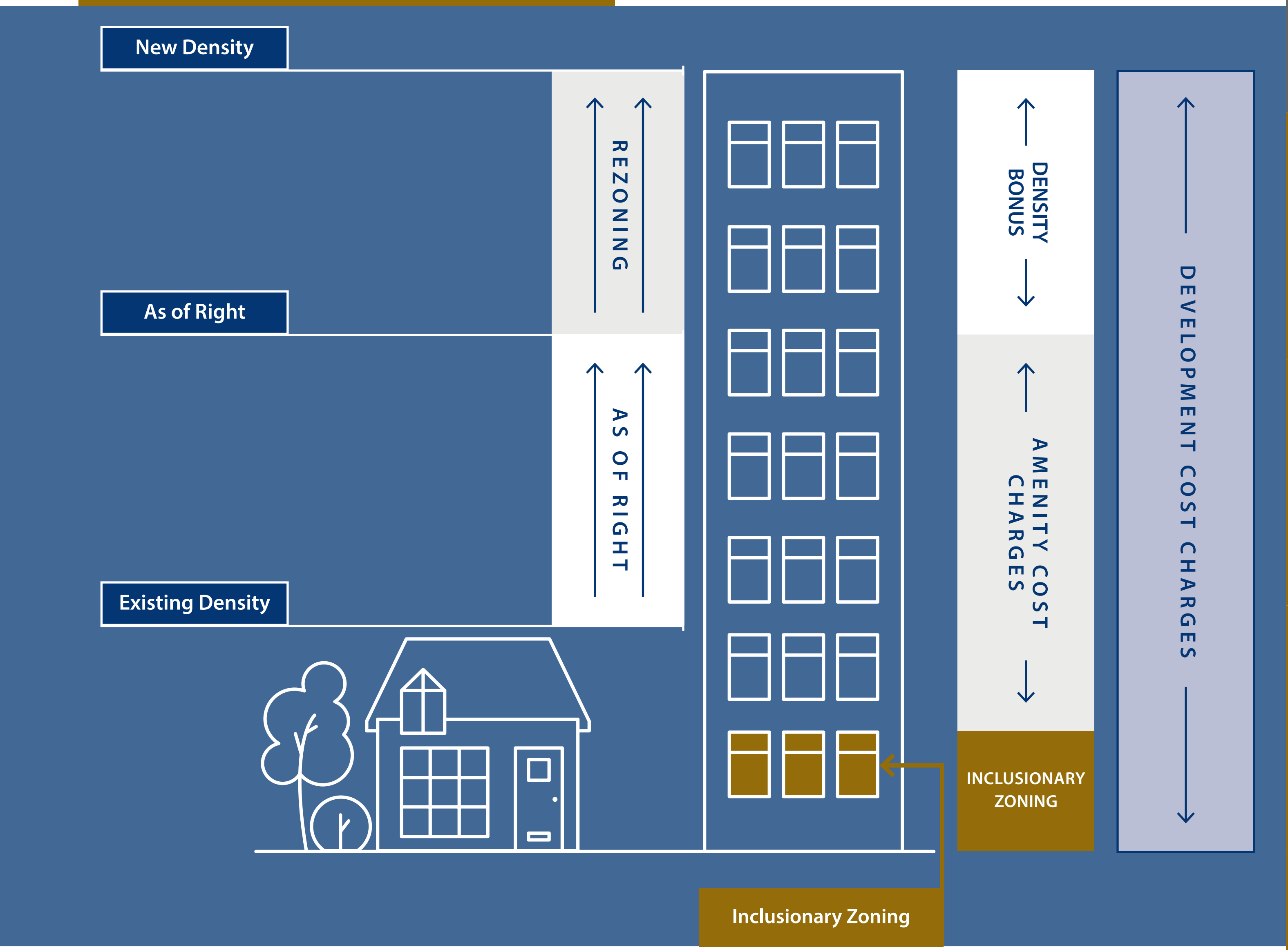


Table 2

Different Tool Considerations and Applications

Development Cost Charges	• Growth-related infrastructure needs identified in capital plans • Applies to all development that results in net growth • Requires DCC Bylaw
Amenity Cost Charges	• Growth-related amenity needs identified in ACC background study • Applies to all development that results in net growth • Requires ACC Bylaw • Does not apply to Inclusionary Zoning units
Density Bonus	• Additional amenities related for redevelopment that goes beyond as of right zoning up to a prescribed maximum • Requires a Density Bonus bylaw • Cannot pay for same amenities as ACC bylaw
Inclusionary Zoning	• Requires development to set aside a portion of new housing units to be provided at below market rates • Requires Inclusionary Zoning bylaw • ACCs cannot be levied against inclusionary zoning units

Chapter 2
ACC Bylaw Development

This chapter outlines the process for calculating ACCs, including the preparation of a report and a draft ACC bylaw, as well as the steps to adopt the bylaw. It also provides guidance on stakeholder consultation throughout the entire process.

2.1 How to Develop an ACC Bylaw

The process of developing an ACC bylaw can be divided into two main phases.

- **Bylaw Development** – The first phase involves a thorough technical analysis to determine potential ACC rates. This analysis should be documented in a background report, which must be made available to the public on request**.** This phase is typically led by local government staff or a consultant and guided by existing council or board-approved plans and policies. In some cases, council or board input on specific ACC policy matters may be necessary during the development process.
- **Bylaw Approval** – The second phase focuses on the decisions required to implement the proposed ACC rates within the local government. Key considerations include:
  - charge rates;
  - the determination of when an ACC is payable, and by whom;
  - provisions for waivers and reductions, including scenarios such as redevelopment;
  - plans for phasing in charges; and,
  - mechanisms for the administration and collection of ACCs.

The entire process is outlined schematically in the graphics provided in Figure 6: ACC Bylaw Development and Approval Process, Figure 7: ACC Bylaw Development Process, and Figure 8: ACC Bylaw Process.

2.2 Consultation Process

The ACC legislation requires local governments to consult with the public, developers, and other parties the local government considers to be affected by the development of an ACC bylaw (affected parties) to ensure transparency, accountability, and accuracy in the itemization of amenities and the charges imposed on new development.

The consultation process for an ACC bylaw must provide one or more opportunities that a local government considers appropriate for consultation with the public, and affected persons, public authorities, and organizations. No consultation is required to repeal an ACC bylaw.[4]

The consultation process is a critical check on the development of an ACC bylaw. It ensures that key affected parties have meaningful opportunities to provide input and identify potential concerns early in the process. By incorporating feedback from a wide range of perspectives, local governments can refine the bylaw to ensure that it is balanced, equitable, and aligned with community needs and goals. Consultation requirements mirror those set by the Inspector of Municipalities when considering a DCC bylaw for approval. Local governments are strongly encouraged to follow the best practices outlined in the *Development Cost Charge Best Practices Guide*, as this approach promotes transparency, builds public trust, and enhances the accuracy and fairness of the resulting ACC bylaw.

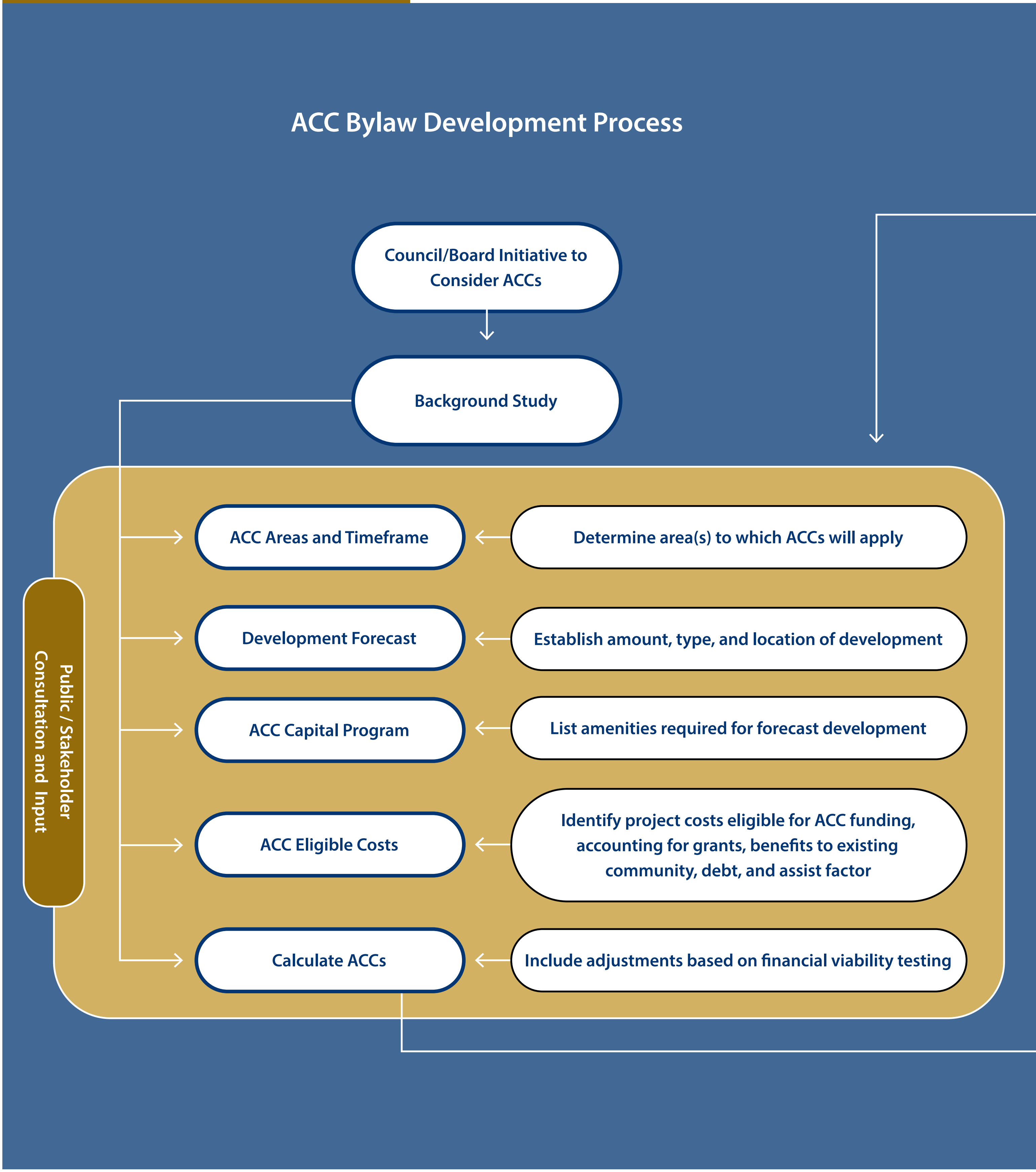
2.3 Identifying Affected Parties

Local governments should identify stakeholders by ensuring consultation is inclusive and representative of those directly or indirectly affected by ACC policies. This includes community members, market developer, non-profit housing developers, renters, service providers, advocacy groups, and a range of equity-seeking groups often underrepresented in planning processes. Efforts should aim to ensure a diverse range of perspectives is heard and captures the needs of all community members.

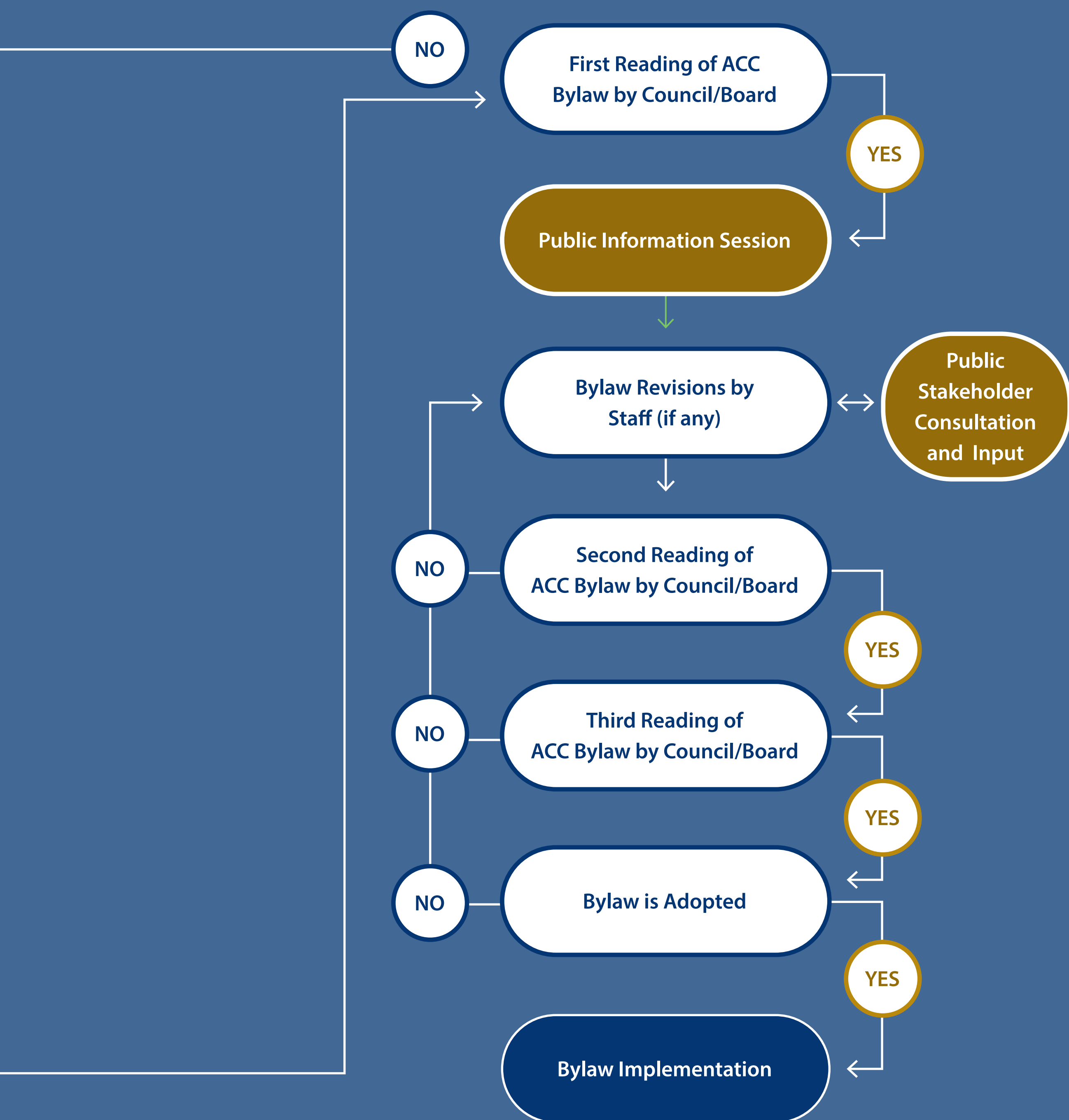
4 LGA 570.3 (1).

Figure 6

ACC Bylaw Development and Approval Process



ACC Bylaw Approval Process



Which external stakeholders could a Local Government consult with?

- local chapter of the Urban Development Institute
- local chapter of Canadian Home Builders Association
- British Columbia Real Estate Association
- local private sector developers
- Indigenous communities
- public sector developers such as the School District
- Chamber of Commerce
- commercial real estate associations
- special interest groups (Conservation Officer, Environmental Protection)
- ratepayers' associations
- the general public

Careful consideration of who to consult and when in the ACC bylaw development process is essential at the outset. At a minimum, local governments should consider holding the following meetings:

- **Public Meeting:** Hold at least one public meeting, either as part of a council/board session or as a separate "open house," to allow public feedback on calculated ACC rates and proposed bylaw policies. The schedule should provide sufficient time between the public meeting and the ACC bylaw's adoption to allow for any adjustments. Background reports that include ACC calculations and a draft of the proposed bylaw should be made available in advance of all public meetings and/or open houses.
- **Public Authorities and Organizations:** Hold separate meetings with public authorities and organizations affected by the ACC bylaw to discuss specific impacts. This should include the non-profit housing sector, such as BC Housing, the Aboriginal Housing Management Association (AHMA), and the BC Non-Profit Housing Association (BCNPHA), or members of these groups. Local governments may choose to conduct these consultations during the ACC calculation process to gather feedback on key inputs and assumptions (such as the ACC capital program), or after draft ACC rates have been determined.
- **Council/Board or Committee Meetings:** Schedule one or more meetings with the council/board or a council/board committee to introduce ACCs, if being implemented for the first time. These meetings can also be used to present draft ACC rates, bylaw policies, or a summary of feedback received during the consultation.

2.4 Notice of Meetings

The LGA requires a public consultation process for ACCs, mandating that local governments provide one or more opportunities they consider appropriate for consultation with the public, as well as with affected persons, public authorities, and organizations. Local governments should proactively ensure that stakeholders are properly informed of consultation opportunities. Notifying stakeholders about consultation meetings before passing the ACC bylaw, as well as informing them once the bylaw has been adopted, is crucial for meaningful consultation.

Appropriate notice allows stakeholders to participate in discussions about ACC rates and policies and informs them of their right to engage under the LGA. At least two weeks' notice should be given in advance of public meetings, with more time suggested depending on the scope of the update. Meeting materials should also be made available in advance of all public meetings and/or "open houses." The approved bylaw, including a copy of the approved rates and the area to which the rates apply, must be made available to the public upon request.

Local governments may consider providing notice through the following methods:

- **Local Media:** Notices for public meetings may be published in local media outlets. If traditional media, such as a local newspaper, is used, ensure the publication has sufficient circulation to meet the principles of effective public notice (e.g., reliable, suitable, and accessible).
- **Digital Options:** Notices should be prominently displayed on the local government website and other digital platforms, such as social media, in addition to traditional media. Digital methods must meet the principles of reliability and accessibility outlined in the Public Notice Regulation.

Please visit: Public Notice Guidance Materials: For BC Local Governments for more information.

2.5 Developing the ACC Program

ACCs help finance the capital costs of providing, constructing, altering or expanding amenities that benefit, directly or indirectly, a development as well as the increased population of residents or workers that it brings.[5] A clear relationship must be established between those paying the ACC and the amenities funded by it when a local government is developing an ACC program.

Amenities must be owned by a local government or owned or operated by a person or public authority that has entered into a partnering agreement with a local government to provide an amenity for it to qualify.[6]

What is a Partnering Agreement?

Under the *Community Charter* and LGA, a municipality can enter into a partnering agreement with a private person (e.g. a non-for-profit corporation) or public authority (e.g. another local government) or to provide a service.

A "service" is defined broadly as "an activity, work or facility undertaken or provided by or on behalf of the municipality". As such, partnering agreements could potentially cover the provision of a range of facilities and amenities eligible for ACC funding.

Amenities include any facility or feature that provides social, cultural, heritage, recreational, or environmental benefits to a community. This broad definition encompasses a range of land improvements, buildings and structures, furniture, equipment, and other moveable assets within buildings and public open spaces. The LGA specifies that amenities may include, without limitation:

- community centres, youth or seniors' centres;
- recreational or athletic facilities;
- libraries;
- daycare facilities; and,
- public squares.

Other potential amenities may include museums, art galleries, theatres and other cultural facilities, components of parks and parkland amenities not eligible under DCCs, and public open space (e.g. streetscaping, special event spaces).

ACCs are restricted to funding capital costs, one-time expenditures that are generally set out in a capital portion of a local government financial plan. The LGA defines "capital costs" as including the cost of:

- providing, constructing, altering or expanding amenities;
- planning, engineering and legal work necessary to plan and complete the construction of amenities, including associated interest costs; and,
- payments made to a person or public authority under a partnering agreement to cover capital costs incurred by that person or authority.

When the provision of an amenity involves land acquisition, ACC funds may be used to cover these land acquisition costs.

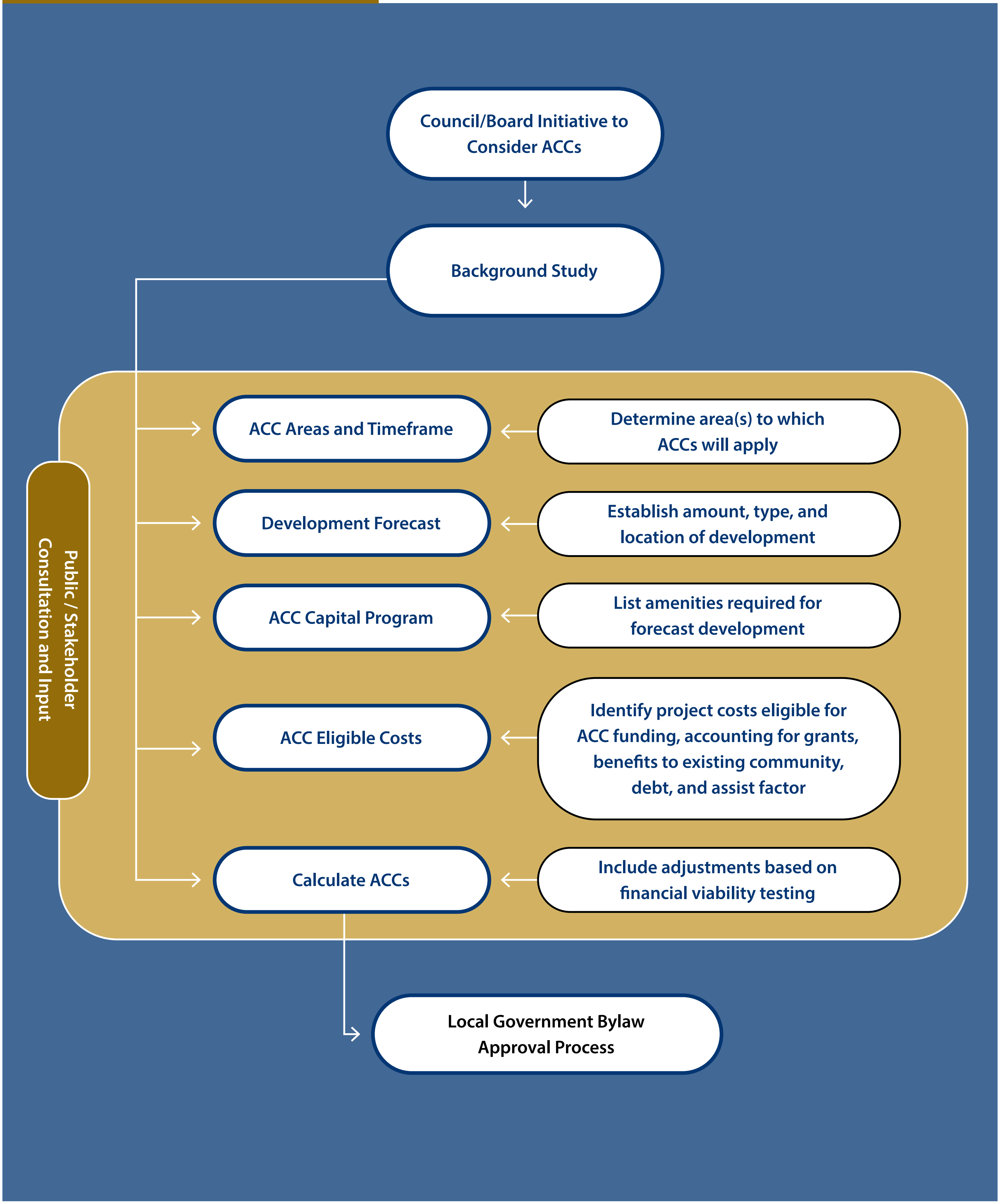
ACC funds may also be used to pay principal and interest on debt incurred by a local government for costs associated with providing, constructing, altering or expanding amenities.[7] However, the debt payments themselves are not considered the capital cost. The capital cost of the project remains in the ACC program until sufficient ACCs are collected to cover it, regardless of any outstanding debt payments.

Local governments should disclose the portion of the capital cost that is related to external debt and should report on interest payments in their ACC annual reports. Interest payments should only be included in the ACC capital program for the portion of the amortization period that falls within the program's timeframe. Interest payments should also be reflected in the local government's financial plan and long-term capital plans. These practices align with the requirements for implementing a DCC bylaw.

Finally, it is important to remember that capital costs eligible for DCC funding are ineligible for ACC funding.

5 LGA s.570.2 (2); Vancouver Charter s.523G (1).
6 LGA s.570.2 (3); Vancouver Charter s.523G (3).
7 LGA s.570.8 (2) (b); Vancouver Charter s.523L (2).

Figure 7
ACC Bylaw Development Process



2.6 Determining Areas to Impose ACCs

2.6.1 Jurisdiction-Wide or Area-Specific Charges

Local governments can apply ACCs as jurisdiction-wide charges or differentiated area-specific charges. This decision, made early in the bylaw development process, will shape the ACC program and influence rates.

- **Jurisdiction-Wide Charges** apply the same ACC rate for a particular type of land use across the entire local government, regardless of location. These charges assume similar capital cost burdens for the same land use type throughout the jurisdiction.
- **Area-Specific Charges** better align development-related capital costs with the needs of specific areas. They can vary by local conditions, such as central urban, suburban, greenfield, or rural zones, and may differ significantly based on whether existing amenities can service growth or require upgrades.

The ACC bylaw must define the areas where charges will be imposed and specify the amenities in each area that will receive funding. Area-specific ACCs can lower rates for infill development in areas with existing amenities. However, they require well-defined benefiting areas, reliable local growth forecasts, and accurate capital programs to ensure effectiveness.

Area-specific ACCs are more equitable than jurisdiction-wide charges because they reflect the varied servicing needs of different areas. They are particularly suitable for amenities with localized benefits, like branch libraries or community daycare facilities. However, they are less effective for amenities with broader benefits, such as central libraries or large recreation complexes. Despite their advantages, area-specific ACCs may sometimes set rates so high in certain areas that they deter development, especially in small or infill areas.

Local governments (except for the City of Vancouver) are required to consider the following when specifying development areas subject to an ACC:

- the applicable OCP(s) and other relevant planning documents, such as Housing Needs Report (HNR), local area plans, regional growth strategies, public benefits strategies;
- projected increases in the population of both residents and workers; and,
- the local government's financial plan.[8]

The City of Vancouver is required to consider:

- an applicable development plan or official development plan as defined in section 559 of the *Vancouver Charter*;
- other relevant planning documents, such as HNRs, local area plans, regional growth strategies, public benefits strategies;
- future land use patterns within the City;
- projected population growth of residents and workers; and,
- reports submitted by the Director of Finance[9].

Local governments should actively evaluate the following considerations when deciding whether to apply jurisdiction-wide or area-specific charges:

- Council/board must carefully deliberate the significant policy implications of adopting either jurisdiction-wide or area-specific ACCs during the bylaw development process.
- Area-specific ACCs should generally apply only to amenities with clearly defined benefiting areas.
- Local governments need to weigh the potentially higher administrative costs of managing an area-specific ACC rate structure.

2.7 Applying ACCs by Land Use Types

Local governments can structure ACCs to account for the varying impacts that different types of development have on the demand for amenities.

2.7.1 Residential ACC Rate Structure Approaches

Most ACC bylaws will include charges for residential development, on the basis that residential properties, and their residents, typically drive most of the need for development-related amenities. The following two approaches are commonly used to set ACC rates:

- **Per Lot / Per Unit Approach:** This method ties ACC charges to specific building forms, such as single-family homes, townhouses, and apartments. It benefits from

8 LGA 570.7(4).
9 Vancouver Charter 523K(4)(f), 523O(a)

easily accessible data, such as Census and building permit statistics, but may not fully account for newer housing trends, such as smaller single-family homes or larger multi-family units. Occupancy data from sources like Statistics Canada can be used to allocate costs across different unit types, based on the assumption that, for example, single-detached homes tend to have higher occupancy rates than apartments. One advantage of the per lot/per unit method is that the development projections in many HNRs are often expressed in these terms.

A variation of this approach could involve charging based on the number of bedrooms; for instance, charging different rates for apartments with one bedroom or fewer versus apartments with two or more bedrooms.

- **Square Footage Approach:** This method charges ACCs based on the floor area (square footage or square metre) of a development. While it is less common than using lot size or dwelling units, the approach aligns well with multi-family developments, especially since ACCs are typically collected when building permits are issued. Local government may wish to include both imperial and metric conversions for the applicable ACC rates when adopting the square footage approach.

A hybrid approach, combining building form and floor area, could capture the benefits of both methods while avoiding the limitations of relying solely on either approach.

Local governments should prioritize methods that ensure fair and equitable cost recovery when selecting a residential rate structure because it is not always clear that the size of a dwelling unit correlates directly with the number of occupants or the demand for services. For example, larger homes may reflect lifestyle preferences rather than increased service requirements. ACCs must therefore be based on actual service demand, whether direct or indirect.

Additional considerations include:

- **Timing of Collection:** For single-detached units, ACCs are often payable at the subdivision stage, where building areas are typically unknown, making lot or unit counts a practical method for calculating charges. In contrast, collecting ACCs at the building permit stage enables charges based on floorspace, which may better reflect service demand.
- **Housing Affordability:** in accordance with the requirements of the LGA (see Chapter 5 of this document).
- **Consultation and Feedback:** Engage with development industry representatives and administrative staff to gather feedback on the proposed rate structure.
- **Appropriate Rate Structure:** Evaluate the appropriateness of varying rate structures, such as charging single-family ACCs per lot or unit and multiple family ACCs based on floorspace.

2.7.2 Non-Residential ACC Rate Structure Approaches

Unlike residential development, non-residential land uses are typically not broken down as extensively in ACC bylaws. Local governments may determine that the demand for certain amenities is predominantly driven by residential growth and, therefore, may focus ACCs primarily on residential development. However, it is important to note that non-residential developments that result in an increase in workers are not automatically exempt from ACCs. Exemptions based on the "no increase in population or workers" criterion should be determined on an individual basis and, if applied, should be consistent across the jurisdiction as a general exemption.

The fundamental principles for calculating ACCs still apply to non-residential uses. Common non-residential land use categories subject to ACCs include:

- Commercial: which may be further subdivided into service or retail commercial or office commercial;
- Industrial: which may be further subdivided into light industrial and heavy industrial; and,
- Institutional: which may be further subdivided into facilities such as schools, hospitals, or universities.

Another approach is to calculate the charge based on the number of employees, with a floorspace per worker assumption to determine the square footage charge. In this case, a forecast of employment by type (e.g., commercial, industrial, institutional) is required, along with the average floorspace per employee associated with each land use category.

2.8 Timeframe for an ACC Program

The ACC legislation requires a close connection between projected population and employment growth and the planning of amenities to support that growth. Establishing a defined timeframe for the ACC program is essential for accurately forecasting new development and determining the amenities needed. Ideally, the timeframe for an ACC program should align with that of the local government's corresponding DCC program. However, there may be cases where infrastructure needs (DCCs) can be projected over a longer period than amenity needs (ACCs).

Initial ACC Program Timeframes: ACCs can be used to help fund amenities that support the growth anticipated from small-scale multi-unit housing (SSMUH) and TOA requirements.

It is recommended that local governments develop their initial ACC bylaw as soon as possible in order to collect ACCs on SSMUH and TOA developments. This may involve creating a program with a shorter timeframe, based on current planning documents, growth projections, and financial plans.

Provincial policy manuals for SSMUH and TOA provide further guidance for applying ACCs in these areas. For additional information, visit: Local government housing initiatives - Province of British Columbia.

Subsequent Program Updates: Once municipalities update their OCP and zoning bylaws to align with their HNRs by December 31, 2025, further ACC updates may be needed. Over the long term, local governments could align their ACC programs with the required timelines for regular HNRs, OCP, and zoning bylaw updates. Local governments may consider synchronizing ACC and DCC program updates to create greater efficiency and ensure alignment between land uses.

2.9 Setting ACC Charges

ACCs must be set as a flat rate per unit, per lot, or per square metre of floorspace in a development.[10] Local governments must consider several factors, when determining the charge amounts, including:[11]

- the capital costs of the amenities in each area;
- the phasing of amenity projects (i.e. the different stages and timelines for constructing the amenities);
- whether the charges are excessive in relation to existing service standards; and,
- whether charges would deter development or discourage construction of reasonably priced housing or the provision of serviced land.

Local governments are encouraged to undertake detailed analyses to assess the impact of the charges on development viability to meet these requirements. Further information about best practices for setting ACC charges can be found in the *Development Cost Charges Best Practices Guide*.

- **Capital Cost Deductions** – ACCs are designed to help local governments cover the capital costs of amenities required to support growth. Local governments must make certain deductions from the capital costs of the amenities when calculating specific charge amounts.[12] These deductions include:
    - **Grants and Other Funding Sources:** Grants or other external subsidies (e.g. from the provincial or federal government) being used to fund the amenity.
    - **Cost of Benefits to Existing Population:** The portion of amenity costs that benefit the existing population must be deducted. This is determined through a benefit allocation analysis that differentiates between how much the amenity benefits population in the new development versus population in the existing community.
    - **Assist Factor:** As with DCCs, local governments must provide financial assistance for a portion of the amenity costs allocated to new development. This "Assist Factor" ensures that new development does not bear the full cost of the amenities.
- **Varying Charges** – Local governments can allow for the varying impacts that different types of development—for example residential vs. commercial or industrial, or different types of residential—have on the demand for amenities. Local governments can vary charges based on factors such as:[13]

10 LGA s.570.7 (2) (b); Vancouver Charter s.523K (2).
11 LGA s.570.7 (5); Vancouver Charter s.523K (5).
12 LGA s.570.7 (6); Vancouver Charter s.523K (6).
13 LGA s.570.7 (2); Vancouver Charter s.523K (2).

- different zones or land uses (e.g. residential vs. non-residential), or different sizes or numbers of lots or units in a development, provided the charges are similar for all developments expected to result in a comparable increase in population (residents or workers); and,
- different geographic areas. Since charges are based on the cost of the amenities required to support the anticipated growth in a specific area, they will naturally vary between areas depending on amenity and growth needs.

All ACC calculations should be set out in detail in the ACC report to ensure accountability. More detailed information on calculating the ACCs under this analysis framework is provided in Chapter 4.

2.10 Determining Required Content of an ACC Bylaw

A draft ACC bylaw can be prepared once the ACC analysis has been completed and documented. While the legislation does not require a formal report, the considerations, information, and calculations used to determine ACC charges must be made available to the public upon request.[14] The draft bylaw should address the following elements in addition to meeting all legal requirements:

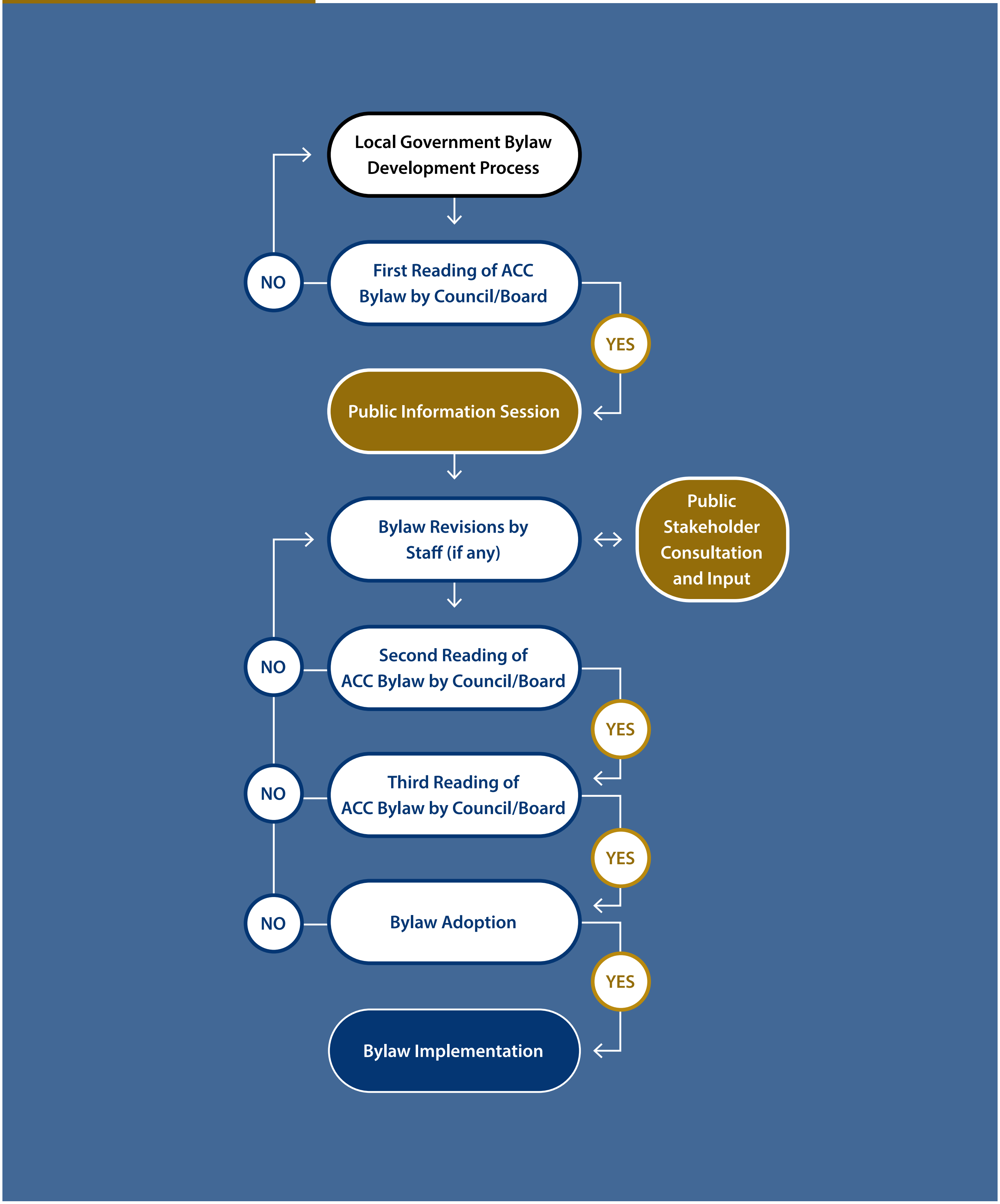
- **Definitions:** provide clear definitions for the different types of development subject to the ACC, ensuring consistency and reducing ambiguity.
- **Area Description:** include a detailed description of the area(s) covered by the ACCs. Where possible, supplement this with clear, legible maps to enhance understanding.
- **ACC Calculation:** provide details about how the charge is calculated for each type of development.
- **Collection:** specify the timing of collection of the ACC (subdivision approval or building permit issuance) in each circumstance.
- **Exempt Development:** clearly specify the types of development exempt from paying ACCs, as defined in legislation or regulation. For example, developments that do not result in an increase in population of residents or workers, or certain affordable housing developments prescribed by regulation.
- **Waivers and Reductions:** outline the conditions under which waivers or **reductions** of ACCs may be applied, such as for non-profit rental housing, for-profit affordable rental housing, or units subject to an affordable and special needs housing zoning bylaw. Provide detailed descriptions of the scope of waivers and reductions, ensuring transparency and fairness (see Chapter 3).
- **Density Bonus Zoning:** ensure that the rules accommodate density bonus zoning units or additional floorspace, clarifying how ACCs interact with density bonusing provisions while avoiding double charging.
- **Redevelopment:** outline the rules and criteria for imposing ACCs on redevelopment projects, clarifying whether this includes (a) demolishing and replacing with an entirely new building and/or (b) renovating, expanding, or repurposing an existing building. Use the term "infill" to distinguish these scenarios from "new development," which typically refers to greenfield development.
- **Mixed Use:** establish clear rules for determining and imposing ACCs on mixed-use developments, addressing scenarios where multiple uses coexist within a single project.
- **Effective Date:** If a grace period is to be provided, specifying the future date in which the bylaw comes into effect must be specified in the bylaw.
- **Phase-in:** provide details about any planned phase-in of ACCs, including the timeframe and the incremental adjustments to the charges during this period.

Importantly, the ACC bylaw must include a detailed schedule listing all amenity projects to be funded through ACCs. The project list must correspond to the ACC program set out in the ACC report.

14 LGA s. 570.7(7)

Figure 8

ACC Bylaw Approval Process



2.11 Adopting the ACC Bylaw

It is encouraged that the draft ACC bylaw be presented to council/board along with the findings of the ACC report.

This presentation allows elected officials to review the potential (maximum) ACC rates that could be imposed under the LGA and consider initial recommendations on bylaw policies, such as waivers and reductions. The initial presentation can be conducted in conjunction with public information sessions or consultations with specific stakeholder groups to gather feedback and ensure transparency.

Based on the input received during this initial review, local government staff can revise the draft bylaw as necessary. The revised draft can then be submitted to the council or board for further consideration, progressing through second, and third readings.

The ACC bylaw must be reviewed and approved by the council or board in an open meeting to ensure transparency and public accountability. Once adopted, the ACC bylaw comes into effect.

Redevelopment

Redevelopment may include cases where the existing building is removed or demolished and replaced by an entirely new building, as well as cases where a building undergoes renovation, expansion, or conversion from one principal use to another. In these cases, ACCs cannot be collected as ACCs are limited to funding amenities required for the increased population of residents or workers resulting from the development, as per legislation.

An exemption could also apply in cases where a building undergoes a conversion from one principle use to another. However, local governments may choose to limit these exemptions to redevelopment that occur within a specific timeframe. The appropriate timeframe should be determined based on local circumstances. Extended timeframes (5+ years) may be justified for very large properties or projects that involve longer development periods. However, longer timeframes could act as a disincentive to redevelop in a timely manner and could increase the value of the exemptions. There is also an argument that the longer the timeframe, the greater the cost the local government will incur to provide amenities to the site and elsewhere.

Chapter 3
Waivers, Reductions, and Exemptions

3.1 Statutory Exemptions

Certain developments are required to be exempt from ACCs under legislation. Sections 570.4 of the LGA and 523I of the *Vancouver Charter* outline these statutory exemptions, meaning local governments cannot impose ACCs on these types of developments:

- **Places of Worship:** Developments where a building permit authorizes the construction, alteration, or extension of a building, or part of a building which is solely used for public worship, such as a church.
- **No Population Increase:** Developments that do not result in an increase in the population of residents or workers are not subject to an ACC. For example, legislation does not permit an ACC to be imposed if a triplex replaces an existing triplex, as there is no population increase. However, if a triplex replaces a single-family home, an ACC could be imposed on the two additional units, as they represent an increase in population or worker capacity.
- **Previously Charged Amenities:** Development projects already charged for specific amenities are exempt, unless further development results in an increase in the population of residents or workers (e.g. adds additional units). For example, if a developer has already paid an ACC for amenities included in an ACC bylaw but then additional units are added through a renovation, an additional ACC can only be imposed for the new units to help pay for the amenities as set out in the ACC bylaw.
- **Inclusionary Zoning:** Inclusionary Zoning bylaws create a framework for mandatory Inclusionary Zoning allowing local governments to require that a portion of units in new residential developments be provided at below-market ("affordable") rates. These units are exempt from ACCs.
- **Affordable Housing Classes:** Developments that fall under a class of affordable housing prescribed by regulation. The *Prescribed Classes of Affordable Housing (LGA)* and *Prescribed Classes of Affordable Housing (Vancouver Charter)* regulations exempt the following types of affordable housing from ACCs:
- **Rental Units:** Owned or leased and operated by:
    - o Government entities (federal, provincial, and local governments, local government-owned non-profit housing corporations, and First Nations); and/or,
    - o Non-profit housing providers, including societies incorporated under the *Societies Act*, regional health authorities under the *Health Authorities Act*, registered charities under the *Income Tax Act (Canada)*, and non-profit corporations under the *Canada Non-profit Corporations Act*, that have received funding from a government entity, entered into a housing agreement with a local government, or have a section 219 convenant under the *Land Title Act* securing affordability conditions with a local government.
- **Supportive Housing:** Rental units owned or leased and operated by government entities or non-profits, provided to seniors, persons with disabilities, those experiencing or at risk of homelessness, or others who, based on criteria set by the operator, will benefit from on-site supports and services.
- **Cooperative Housing:** Housing under the *Cooperative Association Act*[15] or federal non-profit cooperatives under the *Canada Cooperatives Act*.
- **Transitional Housing:** Publicly funded temporary housing provided as part of a program intended to assist people to become better able to live independently.
- **Emergency Shelters:** Publicly funded temporary living accommodations provided free of charge to those in need.

15 While "non-profit housing cooperative housing" is not explicitly defined in the *Cooperative Association Act*, it is generally understood to refer to housing cooperatives governed by section 173 of the Act. Under this section, if a non-profit housing cooperative dissolves, its property must be transferred to another non-profit housing cooperative or a charitable organization. The cooperative is prohibited from selling any part of its property to its members, and its shares must be issued at par value. Additionally, the cooperative is not permitted to issue investment shares.

3.2 Waivers and Reductions

Beyond the statutory exemptions, the LGA and the Vancouver Charter grant local governments discretionary authority to waive or reduce ACCs for specific eligible developments. These waivers or reductions provide an incentive for affordable housing.

The LGA allows local governments to waive or reduce ACCs for specific eligible developments, which are defined as:

- non-profit rental housing, including supportive living housing;
- for-profit affordable rental housing; and,
- market-rate units within developments that are subject to an Inclusionary Zoning bylaw as defined in section 478.1 of the LGA.[16]

In order to provide these waivers or reductions, the ACC bylaw *must*:

- clearly set out definitions and criteria for eligibility to receive waivers or reductions; and,
- specify the amount or rates of reduction for eligible developments, which may vary for different categories of eligible development or different classes of eligible development, established in the ACC bylaw.

Additionally, the local government ACC bylaw may include any requirements that must be met to qualify for a waiver or reduction, along with conditions for granting those waivers or reductions.

Local governments may wish to review their objectives for offering financial assistance, when considering providing waivers or reductions. Local governments should consider projects where the costs are manageable and where development viability can be achieved given the right incentive (such as a waiver or a reduction). Local governments may wish to consider the following questions when setting out a schedule of waivers and/or reductions in its ACC bylaw:

What types of development would benefit from incentives?

Local governments need to identify projects where waivers or reductions could make the most difference and help fulfill their specific policy objectives. The second question local governments may wish to consider when establishing incentives is:

What particular types of eligible development should be supported in order to further the local government's objectives?

Both these questions should be addressed with reference to the OCP and other strategic planning documents.

3.3 Accounting for Statutory Exemptions, Waivers, and Reductions

Local governments should estimate the anticipated number of statutorily exempt affordable housing units when determining the necessary amenities to support population growth in areas where ACCs will be imposed. These statutory exemptions represent revenue that cannot be recovered through increased charges on other developments and must instead be covered by alternative revenue sources. Factoring in the estimated number of exempt units when setting ACC rates and projecting ACC revenue can help predict what costs will need to be funded by other sources.

Similarly, local governments should account for the potential loss of revenue for funding amenities when choosing to offer discretionary (non-statutory) waivers or reductions for eligible development. As with statutory exemptions, this shortfall also cannot be offset by increasing charges on other types of development. Instead, alternative revenue sources must be used to cover the shortfall. Local governments may wish to consider the following actions to effectively administer both statutory exemptions and discretionary waivers or reductions:

- estimate and disclose the value of waivers and exemptions in the ACC report to maintain transparency and ensure informed decision-making;
- track and regularly report on the number of developments that qualify for waivers and reductions over the timeframe of the ACC bylaw;
- contribute an amount equivalent to the waived or reduced ACC into ACC reserve funds. This ensures the reserve fund remains "whole" and the local government remains capable of funding planned amenities; and,
- periodically review the terms and conditions of waivers and reductions and amend the bylaw as necessary if its provisions become misaligned with the objectives set out in the OCP and other strategic planning documents.

16 LGA s.570.6 (2); Vancouver Charter s.523J (2).

3.4 How To Use Multiple Development-Related Tools

Local governments have access to a variety of funding and financing tools to support infrastructure and community projects. These tools include ACCs, DCCs, general taxation and utility rate revenues, grants, long-term debentures, and developer-funded infrastructure facilitated through mechanisms such as servicing agreements, local area service bylaws, and latecomer agreements.

Local governments will need to evaluate the range of available funding tools and identify those that best suit the local government's needs when developing an ACC bylaw. This is best done by conducting ACC and DCC processes concurrently and by integrating them into local government financial planning while considering their interplay with other tools. Local governments must also ensure that charges do not deter development or discourage the construction of reasonably priced housing or serviced land[17]. A high-level approach to evaluating funding tools can help achieve this balance by assessing the following:

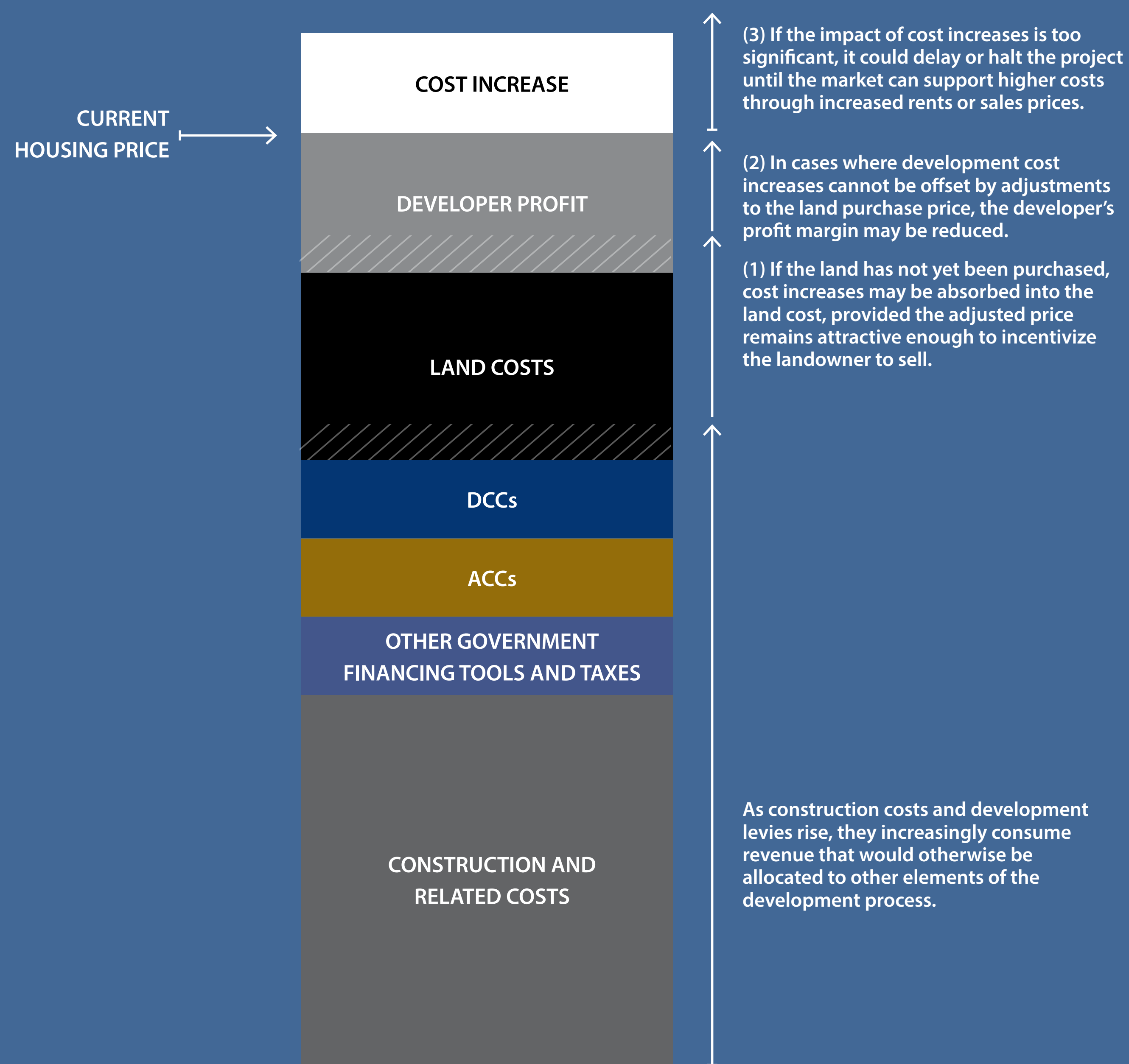
- recognizing the compounding effects that multiple tools at both the municipal and regional district scale may have on development feasibility;
- ensuring the tools complement each other, without deterring development; and,
- viewing ACCs and DCCs as core components of a modern planning toolkit, designed to support growth-related infrastructure and amenities.

Where permissible, local governments may choose to waive or offset ACCs or DCCs to align with broader strategic goals, such as promoting the delivery of SSMUH housing or other priority housing types and supporting the creation of affordable housing. Local governments can create a balanced framework that fosters development while meeting community needs by integrating these funding tools and aligning them with their priorities. This is shown in Figure 9: Potential Impacts of Increasing Construction Costs and Development Fees and Charges.

17 LGA s. 570.7(5)(d)

Figure 9

Potential Impacts of Increasing Construction Costs and Development Fees and Charges



Chapter 4
Bylaw Administration

This chapter provides guidance on the policy considerations associated with the implementation and ongoing use of an ACC bylaw, including the imposition and collection of charges, monitoring and accounting, in-stream applications, and the process for amending the bylaw.

4.1 When to Collect ACCs

An ACC bylaw should address when the charge is payable. The LGA provides for ACCs to be imposed either at the time of:

- subdivision approval; or,
- issuance of a building permit authorizing construction, alteration or extension of a building or structure.[18]

Local governments should consider when amenities are required to be constructed during the development process as well as the financial impact of early and late payments when determining when to collect ACCs.

> **Building Alterations and Changes of Use?**
>
> ACCs can be imposed when a building permit is issued for the alteration of a building or structure. These alterations may not necessarily result in additional units or floorspace being created in the building; for example, the permit may simply be required to facilitate a change of use (e.g. from commercial to residential).
>
> In such cases, local governments must consider whether the alteration will generate more residents or jobs from the redevelopment. The ACC can only be imposed if the redevelopment results in additional residents or workers.

Unlike engineering infrastructure for water, wastewater, and stormwater services, most amenities likely do not need to be in place prior to new buildings being constructed and occupied. However, they should not lag significantly behind, as delayed amenities—depending on phasing, scale, and the time required for approval, design, and construction—can create challenges for communities. Ensuring amenities are delivered in a timely manner relative to development is important for supporting livability and meeting the needs of new residents or workers.

Depending on the length of time between subdivision approval and building permit issuance, there may be a financial advantage to local governments of collecting ACCs at the earlier date. However, this must be weighed against added costs to developers, which can increase project expenses and impact housing affordability, especially as amenities are often built later in the development timeline.

4.2 Payments in Instalments

The *Development Cost Charge and Amenity Cost Charge (Instalments)* Regulation[19] permits developers to pay ACCs in instalments subject to the following conditions:

- **Exception for Charges Under $50,000:** Instalment payments do not apply to charges under $50,000 unless the council/board allows instalments for such charges by bylaw.
- **Full Payment Timeline:** The full charge must be paid within two years of subdivision approval or building permit issuance. Payment must follow this schedule:
  - a minimum of 1/3 of the charge at the time of subdivision approval or granting of the building permit; and,
  - a minimum of 1/2 of the remaining balance within one year of the date of approval or granting of the permit.
- **Missed Instalments:** If a developer fails to make an instalment payment, the entire remaining balance becomes due immediately.
- **Interest:** No interest can be charged on the unpaid balance unless a payment is missed. If the charge becomes due, interest is applied from that date at the rate prescribed by the *Taxation (Rural Area) Act*.

18 LGA s.570.2 (1) and (4).
19 BC Regulation 166/84.

- **Surety for Instalments:** To ensure payment, the developer must provide a form of security (such as a letter of credit, surety bond, or other security) at the time of the first instalment to guarantee the unpaid balance is recoverable in case of default.

4.3 In-Stream Protection

Local Government Act, section 570.91, and *Vancouver Charter*, section 523N include provisions to protect development applications that are already in progress ("in-stream" or "precursor applications") from new or updated charges. When a local government adopts an ACC bylaw, the charges do not apply to any development for which the local government has received a complete application for a building permit, development permit, or zoning bylaw amendment prior to the bylaw's adoption.

Applicants who have submitted complete applications for a building permit, development permit, or zoning bylaw amendment are granted a 12-month exemption from the new ACC rates if a local government amends its ACC bylaw and adjusts the charge amounts. This exemption applies as long as the applicant obtains their building permit within that period. This is shown in Figure 10: In-Stream Protection.

What is a Complete Application?

While local governments may have varying criteria for what constitutes a complete application, one key requirement for eligibility for the 12-month ACC exemption is that the application must be accepted for processing by the local government's Approving Officer. If the developer has received a Letter of Conditional Approval of Subdivision (or its equivalent, such as a Preliminary Layout Approval), section 568 of the LGA also applies. In order to ensure certainty, it is recommended that local governments adopt policies determining when an application is complete.

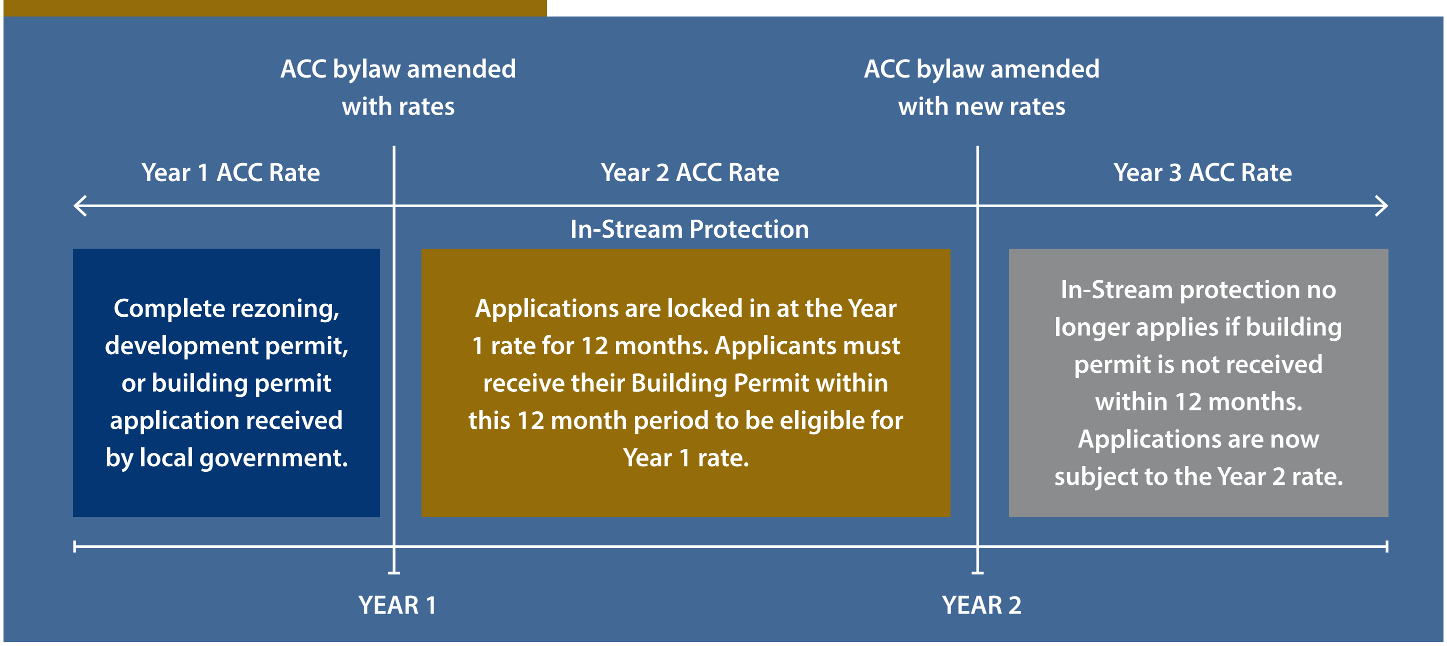
4.4 Grace Periods

A grace period is a timeframe provided by a local government to notify stakeholders of upcoming changes to ACCs. The purpose of the grace period is to give developers time to adjust to the new rates and prepare for future changes.

It is important to distinguish between the in-stream protection and grace period:

- **In-Stream Protection:** A legal mechanism that safeguards certain projects from sudden changes in ACC rates, provided developers meet specific timing criteria for subdivision and building permit applications.

Figure 10
In-Stream Protection



- **Grace Period:** A transition tool designed to ease stakeholders into new ACC rates by providing advance notice and time for adaptation.

Both serve transitional purposes: in-stream protection actively protects specific projects based on their application timing, while the grace period broadly targets all stakeholders.

4.5 ACC Reserve Funds

Local governments are required to deposit ACCs into reserve funds established by bylaw for each area in which ACCs are imposed to enhance transparency and accountability.[20] These reserve funds, including any accrued interest, can only be used to pay:

- the capital costs of providing, constructing, altering, or expanding amenities listed in the ACC bylaw;
- the principal and interest on debt incurred as a result of an expenditure; and,
- a person subject to an ACC for some or all of the capital costs they have incurred in completing a project, provided the project was completed under a partnering agreement.

The use of any ACC reserve funds must be authorized by a bylaw.

ACCs deposited into reserve funds do not need to be segregated by amenity type (e.g. libraries, daycares). Instead, local governments will have a consolidated pool of ACC funds, separated by service area, available to support construction of development-related amenities during each budget cycle.

Local governments should consider establishing clear criteria for evaluating and prioritizing projects to effectively manage competing demands for ACC reserve funds. Establishing clear criteria can help ensure that reserve funds are allocated to amenities that best align with the policies outlined in the local government's OCP and financial plan and support its overall growth management objectives.

4.6 Monitoring and Accounting ACC Funds

Local governments should establish systems that facilitate the tracking of capital expenditures, funding sources, and project completion status to ensure effective administration of ACCs. The following practices are recommended for tracking ACC funds:

- **Managing the ACC Reserve Funds:** Track financial activity in the reserve funds related to amenity projects, including expenditures, funding sources, and project progress. Assign unique identification numbers to each project within the ACC program to streamline administration and tracking. Use tools such as spreadsheets or specialized software to monitor completed projects, changes in project costs, and scope-of-work adjustments.
- **Internal Processes for Tracking and Reporting:** Local governments should consider developing processes to track and report on ACC activities, including the:
    - total ACC funds collected;
    - interest earned on the ACC reserve fund balance;
    - government grants allocated to ACC projects;
    - allocation of funds to individual projects within the ACC program;
    - ACC "credits" or "rebates" issued; and,
    - local government's contribution toward project costs in the ACC program.

Administration of the ACC bylaw should emphasize transparency and integration – effective monitoring, accounting, and reporting practices ensure accountability and build public confidence.

4.7 In-Kind Amenities

Developers are permitted to provide in-kind amenities or land for an amenity in lieu of paying all or part of the ACC.[21]

In-kind amenities or land can be a more efficient, economical, and mutually beneficial solution for both developers and local governments, especially when the local government is seeking to secure a very specific, localized benefit at a particular location. For example, rather than paying an ACC, a developer and a local government may agree to build a youth centre as part of a new, large multi-residential complex, providing a more immediate benefit to the community.

20 LGA 570.8; Vancouver Charter s.523L.
21 LGA s.570.9; Vancouver Charter s.523M.

Local governments must be mindful when considering in-kind amenities or land that:

- in-kind amenities and land are listed in the ACC bylaw. For example, a developer would be prevented from building a daycare in an office building as an in-kind contribution if the daycare was not part of the ACC program; and,
- in-kind amenities and land do not necessarily need to be located on the development site, or adjacent. However, the location must be approved by the local government and should be within the area covered by the ACC bylaw and responsive to the increase in population as per the ACC bylaw.

A local government must enter into an agreement with the developer when an applicant provides an in-kind amenity or land. At a minimum, the agreement must specify the following:

- the in-kind amenities or land to be provided;
- the location of the amenity or land;
- the party responsible for providing the amenity or land;
- the timeline for when the amenity or land will be delivered;
- the value of the amenity or land, and how the local government and applicant determined the value;
- any remaining portion of the ACC to be paid after accounting for the in-kind amenity or land; and,
- any payment or credit owed to the developer if the value of amenity or land exceeds the ACC.

A registrable transfer of the land must be submitted to the local government when land is provided as part of the agreement.

4.8 Reporting Requirements for ACCs

Local governments must prepare and consider an annual report describing the collection and use of ACC funds before June 30.[22] The report must include the following details:

- the total amount of ACCs received;
- expenditures from the ACC reserve fund(s), including any payments made to a person or public authority under a partnering agreement;
- the balance in the ACC reserve fund(s) at the beginning and end of the applicable year;
- any waivers or reductions granted; and,
- any in-kind amenities or land received.

Additionally, local governments are required to report interest payments in their ACC annual reports. The reports must be publicly accessible from the time the local government considers the report until June 30, the following year[23].

4.9 Monitoring and Updating an ACC Program

Local governments have the flexibility to update their ACC bylaw as needed. To ensure greater efficiency and alignment with land use and financial planning cycles, local governments may wish to review and update ACC bylaws in conjunction with new or updated DCC bylaws, financial plans, OCPs, HNRs, and the zoning bylaw.

ACC reserve funds can only be used for amenities listed in the ACC bylaw. Therefore, projects added to an ACC program after the bylaw has been passed are not eligible for ACC funding until the bylaw is amended to include those projects. To manage this, regular monitoring and reviews of the ACC bylaw is essential. Local governments should adjust ACCs to reflect significant changes in:

- the anticipated amount, timing, and location of growth;
- the capital costs of amenities listed in the ACC bylaw;
- the introduction of new amenities, or the removal of completed amenities once the targeted charges have been collected; and/or,
- funding arrangements for ACC amenities, such as the local government securing an external grant to cover capital costs that were originally included in the ACC calculation.

Regular updates can prevent sudden, large increases in charges, which could negatively affect development viability.

4.10 ACC Bylaw Amendments

When amending the ACC bylaw, local governments must follow the same legislated process and considerations, including consultation requirements, as for the original bylaw.

22 LGA s.570.92; Vancouver Charter, s.523O.
23 LGA, s. 570.92(3).

PART 2 Technical Manual

Part 2 of the ACC Guide is a technical manual detailing the procedures and calculations involved in developing an ACC bylaw in compliance with the LGA. It is designed for technical staff responsible for creating the ACC bylaw and calculating ACC rates, ensuring alignment with legislative requirements

Chapter 5
How to Determine and Set ACC Charges

5.1 Prerequisite Policy Decisions

Calculating new ACCs requires initial decisions about the structure and application of the charges. Local governments must establish a framework for ACC rates, considering the following key questions before proceeding with calculations:

- **Geographic Application:** In which areas of the municipality will ACCs be applied?
- **Jurisdiction-Wide vs. Area-Specific:** Will ACCs be imposed on a jurisdiction-wide basis, with a uniform charge for all development regardless of location, or on an area-specific basis, with charges varying based on the cost of providing amenities in each area?
- **Program Timeframe:** What timeframe will be set for the ACC program to align with projected population growth, development needs, and the planning of amenities required to support the anticipated increase in residents or workers? Consider whether the timeframe integrates with updates to HNRs, OCPs, and other long-term planning cycles to ensure consistency and efficiency.
- **Types of Development:** ACCs apply to all building permits and subdivision applications unless statutorily exempt or eligible for waivers. Local governments must determine which zones or land use categories (e.g., residential, non-residential) align with these statutory provisions and ensure consistent application.
- **Detailed Rate Structure:** How detailed will the breakdown of zones or land uses be (e.g., specific types of residential and/or non-residential land uses)?
- **Units of Calculation:** What units will be used to calculate ACCs (e.g. size or number of lots, or units, or non-residential buildings)?

Local governments can create a clear and well-defined framework that guides the accurate calculation and fair application of ACCs by addressing these foundational policy matters.

5.2 Sources of Background Information

Sources of data and background documents that support the determination of development forecasts include:

- Official Community Plans;
- Zoning Bylaws;
- Housing Needs Reports;
- BC Stats;
- BC Assessment;
- Census data;
- Local Health Area data;
- Tax roll information;
- Building permit statistics;
- Local government development statistics; and,
- Economic development reports or retail market studies.

These data sources may provide valuable information into demographic assumptions, projected numbers of residential units by housing type, non-residential development projections in terms of area absorbed per year, and designated areas for specific land uses.

5.3 Population and Development Projections

The first step in calculating ACCs is to forecast the amount, type, and location development that would be subject to the ACC charges. This typically involves forecasting residential development, including population, workers, households, and housing by type, and non-residential development, typically based on forecasts of employment and new non-residential land and building space.

5.3.1 Population Forecast

Local governments are encouraged to use population projections from BC Stats, the provincial agency responsible for developing official population estimates and projections for BC. BC Stats provides regularly updated data for municipalities, regional districts, and other sub-provincial areas, ensuring consistency with provincial and federal methodologies.

BC Stats' population projections incorporate demographic trends, including fertility, mortality, and migration, and are updated annually. Using BC Stats' projections supports alignment with provincial standards and promotes consistency across local government planning efforts.

For further details on BC Stats' methodologies, datasets, and tools, visit the BC Stats Population Estimates and Projections page.

5.3.2 Housing Needs Reports

All local governments are required to prepare a HNR at least once every five years. When preparing an HNR, local governments must collect data and analyze trends using a standardized methodology to describe both the current and anticipated housing needs within their jurisdiction for the next five and 20 years. This process includes identifying any projected gaps in housing supply, based on factors such as local demographics, household incomes, current housing stock, and other relevant data.

Once an HNR is completed, local governments' council/board must receive, by resolution, the HNR in a public meeting. The report must then be made publicly available online.

Upon receiving an HNR, municipalities (not regional districts) are required within a specified timeframe to review and, if necessary, update their OCP and zoning bylaws to permit the use and density necessary to accommodate the total number and types of housing units required to meet housing needs identified in the HNR for the next 20 years.

Given the HNR identifies the minimum housing needs required over the next 5 and 20 years for all local governments, it is recommended that the HNR projections for housing growth serve as a key input in calculating ACC rates.

5.3.3 Official Community Plans

The OCP plays an important role in identifying the type, quantity, and location of housing required to meet future needs, as identified in the HNR. The OCP outlines the expected mix of housing unit types, such as SSMUH, townhouses, apartments, or mixed-use developments, ensuring alignment between future housing demand and a supply of diverse housing options. Through land use designations, the OCP identifies the geographic areas within the community where new housing is expected to be developed, such as town centers, transit-oriented development areas, or infill neighborhoods. This will aid in identifying the areas of future growth areas and determining the amenities necessary to support these communities, a key input for calculating ACC rates.

5.4 Non-Residential Development Forecasts

Local governments are strongly encouraged to use BC Stats data wherever possible to standardize projections across the province. BC Stats provides comprehensive and regularly updated labour market statistics and key labour market trends for BC.

For further details please visit Labour Market Statistics - Province of British Columbia

In the absence of available data, suggestions are provided below for preparing employment forecasts.

STEP 1 – Employment Forecasts

Employment forecasts can be derived from the population forecast by applying labour force participation rates to the age cohorts in the population forecast. Participation rates indicate the share of the working age population that is actively employed or seeking employment. These rates should be based on current trends, as set out in recent Census data, which provides participation rates for males and females by five-year age group from 15–19 onwards. Adjustments can be made for expected changes, such as decreased labour force participation among older adults. Local governments should also consider the regional context of employment, where major employers often serve populations across multiple municipalities.

STEP 2 – Employment by Type

If separate ACC rates are to be applied for different types of non-residential development (e.g. industrial, commercial, institutional, office), the total employment forecast needs to be disaggregated into the various categories subject to the charge.

Industrial – Most industrial employment growth will either occur in low-rise industrial-type buildings located within business parks and industrial areas designated as employment land in OCPs or in scattered rural locations. Industrial employment growth depends on factors such as the rate of intensification on existing sites, vacant land absorption over the forecast time horizon, employment density on vacant lands and, in rural jurisdictions, the potential for new industrial uses in rural areas.

Commercial and Institutional – these sectors serve residential populations, so their employment growth should be indexed to the population forecast, based on the current ratio of commercial or institutional jobs per resident. In smaller communities without a full range of commercial and institutional services, the ratio of these jobs to the population will be relatively low. In larger urban communities with larger scale commercial uses, as well as post-secondary education and hospitals, the ratio will be higher because services are being provided to a broader region. The ratio will be higher still in central cities of metropolitan areas, where there is significant "destination" shopping.

Office – Office employment growth is typically proportional to the overall employment growth rate, though adjustments may be needed to reflect current office vacancy rates and regional employment dynamics.

STEP 3 – Land and Floorspace Forecasts

To calculate non-residential ACCs based on new building floorspace or land, forecasts of space and land are needed.

- **Floorspace** – Apply an assumed floor space per worker (FSW) for each employment category to the employment growth forecast. Typical FSW values are:
  - industrial FSWs range from 70m^2 to 140m^2;
  - commercial FSWs range from 40m^2 to 50m^2;
  - institutional FSWs range from 50m^2 to 80m^2; and,
  - office FSWs range from 20m^2 to 30m^2.
- **Land** – Apply an assumed floor area ratio (FAR) for each employment category to the floorspace forecast. Typical FAR values are:
  - industrial FARs range from 25% to 50%;
  - commercial FARs range from 10% to 30%;
  - institutional FARs range from 10% to 50%; and,
  - office FARs range from 0.5 to 0.6 for buildings without structured parking, but can be much higher for denser office buildings with structured parking in downtowns.

It is important to note that the resulting space forecasts be assessed in the context of known development and land absorption in the community. Adjustments may be necessary to align the forecasts with realistic expectations for future development and land absorption.

5.5 Capital Costs of Amenities

The capital costs of amenities required to support new development must be identified prior to compiling an ACC program

Key considerations include:

- **Extent of Application:** Should charges be jurisdiction-wide or area-specific?
- **Program Timeframe:** What is the planning horizon for the program?
- **Recoverable ACC Costs:** How will eligible costs be allocated between existing and future development?

Additional considerations for estimating capital costs and presenting summary information are included in this section.

Sources of data and background documents for compiling an ACC program include:

- Official Community Plan (OCP);
- Capital Plans;
- Asset Management Plans;
- Long-term Financial Plans;
- Master Plans; and,
- Recreation Plans.

To ensure accuracy, it is recommended that the ACC bylaw development closely follows the completion of master plans and capital cost estimates. This alignment ensures that ACC rates are based on the best available information. The level of detail in cost estimates should align with the technical information available at the time of preparation of the bylaw.

Accurate capital cost estimates are essential to prevent funding shortfalls that could delay infrastructure development. Key considerations include:

- **Time-Sensitive Analysis:** ACC calculations reflect a specific point in time and rely on the best available data.
- **Regular Updates:** ACC bylaws should be regularly updated to account for changes in cost estimates as projects progress through the design and tendering process.
- **Cost Estimate Classes:** The accuracy of capital cost estimates depends on the level of detail, classified in Table 3 below:

The ACC program should be summarized in a comprehensive table, including the following key elements:

- **Project Description:** A clear and concise summary of the project scope and purpose;
- **Timing:** The projected schedule for planning, design, and construction;
- **Capital Cost Estimate:** The total estimated cost of the project, including contingencies;
- **Grants:** Any external funding sources, such as grants or subsidies (a subsidy is financial assistance to reduce costs or support specific activities) and their contribution;

Table 3

Level of Detail on the Level of Capital Cost Estimates

Class	Description	Accuracy Level	Key Characteristics
Class E	Initial feasibility analysis	20%-25%	Based on planning studies and average costs (e.g. lump sum for facilities).
Class D	Preliminary cost estimate	15%-20%	Includes costs by discipline and average unit costs (e.g. $ per square foot).
Class C	Preliminary design confirmation	15%	Based on preliminary drawings and outline specifications.
Class B	Functional design review	10%	Based on completed functional design and site-specific unit costs.
Class A	Final cost estimate	7.5%	Based on final design and market-specific unit costs for contract pay items.

- **Allocation of Benefit:** The division of costs between development-related and existing development needs; and
- **Assist Factor:** The percentage of costs covered by the local government to ensure affordability and compliance with regulations.

Detailed Project Sheets

Whenever possible, a "detail sheet" should be prepared for each amenity project and included as part of the supporting ACC documentation. These sheets should follow a standard format and provide a detailed breakdown of the project's cost components, including:

- construction elements;
- planning and engineering costs;
- contingencies; and,
- other eligible expenses.

This level of detail ensures transparency and allows for easier tracking and updates.

Interest Costs

ACC funds may also be used to pay principal and interest on debt incurred by a local government for costs associated with providing, constructing, altering or expanding amenities.

To include interest in ACC rates, local governments should:

- limit interest to specific projects and not apply it universally across all projects in the ACC program;
- secure a formal resolution from the council/board to authorize the inclusion of allowable interest;
- ensure that the interest rate applied to the ACCs does not exceed the Municipal Finance Authority (MFA) debenture rate;
- ensure that if borrowing is undertaken, that the ACC reflects the actual borrowing rate, provided it is lower than the MFA rate; and,
- ensure that the amortization period for interest costs does not exceed the ACC program's timeframe (i.e. the duration over which ACCs for specific projects are to be collected).

The ACC report should include clear information on the interest rate and amortization period used.

5.6 Calculating the Net ACC Recoverable Amount

Once the forecast of new development has been estimated and a program of infrastructure projects required to support that development has been compiled into an ACC program, the net amount to be funded through ACCs must be determined. The following considerations are key to determining the net ACC recoverable amount:

- **Deducting Grants and Other Funding Sources** – Identify and subtract any contributions from grants or alternative funding sources that will offset the cost of the amenity projects.
- **Allocating the Benefit to New Development** – Ensure that only the portion of project costs benefiting new development is included in the ACC calculation. Existing development-related benefits should be excluded.
- **Applying the Assist Factor** – Apply the Assist Factor, which represents the local government's contribution to project funding, to reduce the amount recoverable through ACCs.
- **Deducting Existing ACC Reserve Fund Monies** – Subtract any funds already available in the existing ACC reserve funds that are allocated to the specified projects.

By systematically addressing these factors, the net recoverable amount through ACCs can be accurately calculated.

5.7 Deduction for Grants and Other External Funding

To ensure that ACCs do not fund capital costs covered by grants, subsidies, donations, or other external funding sources, any portion of the estimated capital cost funded by these sources must be deducted from the ACC calculation.[24] This deduction must also include the value of any in-kind amenity or land contribution from a developer towards the cost of an amenity in the ACC program.

Grant funding should be deducted from the total (gross) capital cost of an amenity project before any other adjustments, such as deductions for benefits to existing components, are made. This approach ensures the grant's benefits are appropriately allocated between growth and non-growth shares of the project.

24 LGA 570.7 (6) (a)

If a grant's terms and conditions specifically earmark funds for development-related or non-development-related capital costs, the deduction should be applied according to the terms and conditions.

5.8 Allocating the Benefit to New Development

In British Columbia, amenities are managed through a multi-tiered approach. Local governments plan for amenities using OCPs, master plans, local land use plans, and capital plans. Master plans and local land use plans can include detailed inventories of existing amenities and can identify servicing gaps. OCPs, Capital Plans, and Local land use plans can establish service standards and priorities for future development and upgrades.

Municipalities may serve as the primary providers of community amenities, while regional districts may manage facilities that serve one or more electoral areas. Depending on the population and context, these facilities can range from small, localized amenities to larger-scale infrastructure. Additionally, non-profits and other organizations often contribute to the provision of community amenities.

The LGA requires that the portion of amenity costs that benefits the existing population must be deducted from the ACC calculation. This reduction in ACCs is determined through a benefit allocation analysis that differentiates between how much the amenity benefits the population increase in residents or workers in the new development versus population within the existing community. This deduction should be undertaken after costs have been reduced for grants and other external funding contributions.

There are general approaches to allocating benefits: a general "rule of thumb" approach and a "technical" approach. Either approach could be applied on a project-by-project basis or on the total value of the ACC program, depending on the types and nature of capital improvements.

- **Rule of Thumb Approach** – this applies the test of whether the proposed amenities proceed if there was no new development. If the answer is "no" then the project would have a very high development allocation and low to no benefit to existing allocation. However, in most cases, existing residents also benefit from new amenities, especially in established neighborhoods. For example, if a library becomes viable due to new development but primarily serves existing residents, the benefit should be shared proportionally. The marginal costs associated with "oversizing" may be assessed in this manner.
- **Technical Approach** – where possible, quantifying an allocation of benefit is recommended. If detailed analysis is unavailable during bylaw development, estimates can rely on existing technical data.

The following provides two examples where these approaches can be employed:

EXAMPLE 1: New Community Centre

If new a new community centre solely addresses the needs of future development, the entire community centre project can be allocated to development and included in the ACC calculations.

EXAMPLE 2: Replacement and Expansion of Existing Daycare Facility

Where a new daycare facility will, in part or whole, replace a facility that is demolished, the replacement share of the project is considered to benefit existing residents and is removed from the ACC calculation. If a daycare facility is being replaced and expanded, costs must be divided between current and future development, as shown in the options below.

OPTION 1: Based on Capital Costs

- Replacement cost of existing daycare: $500,000
- Total cost of new amenity: $750,000
- Allocation to existing development: 67%
- Allocation to future development: 33%

OPTION 2: Based on Population Growth

- Current population: 60,000
- Future population: 80,000
- Allocation to existing development: 75%
- Allocation to future development: 25%

Local governments should account for the costs allocated to the "benefit to existing" share of amenities, as these will require funding from non-ACC sources, such as property taxes or user fees, when adopting ACC bylaws.

5.9 Applying the Assist Factor

The LGA stipulates that ACCs may be used to "assist" local governments in funding amenities. By prohibiting the allocation of 100% of development-related costs to new development, the legislation requires an "Assist Factor" to be calculated.

The Assist Factor is a distinct component in the ACC calculation, separate from the allocation of benefits between existing and future development. In determining the Assist Factor, local governments should consider the impact on other revenue sources such as property taxes, utility fees, and long-term debt, which will fund the portion of amenity project costs attributed to the Assist Factor.

Table 4
Phase-in Using Assist Factor

Year of ACC Bylaw	Assist Factor
Year 1	20%
Year 2	15%
Year 3	10%
Year 4	5%
Year 5	1%

Key considerations for establishing an Assist Factor include:

- **Variability by Amenity Category:** The Assist Factor can differ among ACC-eligible amenities and must remain consistent within each category. For example, a 10% Assist Factor might apply to library services, while a 5% factor could be used for daycares.
- **Amendments Over Time:** The Assist Factor may be adjusted to ensure ACC rates do not deter development. Adjustments may be necessary to respond to shifts in local economic conditions or funding priorities. Any changes require a bylaw amendment.
- **Affordability and Development Impact:** Local governments can use the Assist Factor to reduce ACC rates if they are deemed to deter development. However, the costs associated with the Assist Factor and the share of project costs benefiting existing users must remain affordable. If affordability is an issue, local governments may need to defer or cancel certain projects.

Local governments may consider phasing the Assist Factor when implementing ACCs. For instance, a phased approach could gradually reduce the Assist Factor over a defined period, as shown in Table 4. This reduction in the Assist Factor would correspondingly increase ACC rates, effectively phasing in the new ACC rates.

Phasing the Assist Factor allows local governments to balance affordability while gradually transitioning to updated ACC rates.

5.10 Deducting Existing ACC Reserve Fund Monies

As well as the reduction for the Assist Factor, development-related capital costs need to be reduced to account for any funds that are available in the existing ACC reserve fund to pay for the projects listed in the ACC program.

5.11 Charge Calculation

After applying deductions for grants, benefits to existing residents, the Assist Factor, and available ACC reserve funds, the remaining costs are identified as development-related and form the basis for calculating the ACC rate. However, not all development-related capital costs may be recoverable from ACCs over the timeframe covered by the ACC bylaw. For some amenities, like large-scale facilities, a portion of the facility's capacity may service development that will occur beyond the ACC bylaw's timeframe. The portion that will service future populations represents either "pre-built service capacity" to be recovered under a future ACC bylaw or represents an "excessive increase" in the prevailing service level under the LGA. The capital costs associated with these "post-period" or "excessive service level" benefits must be removed from the ACC calculation in the current ACC bylaw. The remaining capital costs, which represent the development-related portion, are eligible for inclusion in the ACC calculation.

The next step is to allocate these costs between the residential and non-residential development sectors.

- **Residential-Driven Amenities:** Where service demand is entirely driven by population growth, costs should be allocated solely to the residential sector.
- **Mixed-Benefit Services:** For amenities that benefit both residents and jobs, development-related costs should be allocated based on shares of population and employment growth over the bylaw's timeframe.

Once the allocation is completed, the residential share of costs is divided by the forecast population growth in new housing. This yields an ACC per capita for residential development. The non-residential share of costs is divided by the forecast increase in non-residential floorspace or land area. This yields an ACC per square metre/square foot of non-residential floorspace or per acre/hectare of new non-residential land. These calculations collectively determine the ACC charge for each category of development.

This calculation methodology ensures a fair and proportionate distribution of ACC costs between residential and non-residential development, aligning with the anticipated demand for services over the bylaw's timeframe. See Table 5: Calculations.

Table 5
Calculations

Service	Timing	Gross Project Cost $ 2025	Grants/ Subsidies/ Other Recoveries $	Net Municipal Cost $	Benefit to Existing		Develop-ment-Related Costs $	Assist Factor		Total ACC Eligible Costs $	ACC Eligible Costs		Residential Allocation		Non-Residential Allocation	
					%	$		%	$		2025 2034 $	Post 2034 $	%	$	%	$
AMENITIES																
Library Amenities																
Facility to Meet Target (1.0 sf/capita)	2034	4,500,000	2,000,000	2,500,000	20%	500,000	2,000,000	1%	20,000	1,980,000	1,980,000	-	100%	1,980,000	0%	-
Library Collection Material Acquisitions	Annual		-	312,500	20%	62,500	250,000	1%	2,500	247,500	247,500	-	100%	247,500	0%	-
Subtotal Library Amenities		4,812,500	2,000,000	2,812,500		562,500	2,250,000		22,500	2,227,500	2,227,500	-		2,227,500		-
Recreation and Culture Amenities																
Replacement & Upgrade of Existing Recreation Centre	2030	25,000,000	-	25,000,000	75%	18,750,000	6,250,000	5%	312,500	5,937,500	3,937,500	2,000,000	100%	3,937,500	0%	-
New Electronic Signage	2026	57,895	-	57,895	10%	5,790	52,105	5%	2,605	49,500	49,500	-	100%	49,500	0%	-
Subtotal Recreation and Culture Amenities		25,057,895	-	25,057,895		18,755,790	6,302,105		315,105	5,987,000	3,987,000	2,000,000		3,987,000		-
Public Square																
Downtown Public Square	2034	1,500,000	250,000	1,250,000	80%	1,000,000	250,000	1%	2,500	247,500	247,500	-	70%	173,250	30%	74,250
Subtotal Public Square Amenities		1,500,000	250,000	1,250,000		1,000,000	250,000		2,500	247,500	247,500	-		173,250		74,250
Daycare Amenities - Childcare Spaces																
Infant and Toddler - 50 new spaces	2027	6,250,000	-	6,250,000	20%	1,250,000	5,000,000	1%	50,000	4,950,000	4,950,000	-	90%	4,455,000	10%	495,000
3-5 Years - 30 new spaces	2028	3,750,000	-	3,750,000	20%	750,000	3,000,000	1%	30,000	2,970,000	2,970,000	-	90%	2,673,000	10%	297,000
School Age - 200 spaces replacing existing 100 spaces	2029	20,000,000	-	20,000,000	50%	10,000,000	10,000,000	1%	100,000	9,900,000	9,900,000	-	90%	8,910,000	10%	990,000
Subtotal Daycare Amenities - Childcare Spaces		30,000,000	-	30,000,000		12,000,000	18,000,000		180,000	17,820,000	17,820,000	-		16,038,000		1,782,000
TOTAL AMENITIES		**61,370,395**	2,250,000	**59,120,395**		**32,318,290**	**26,802,105**		**520,105**	**26,282,000**	**24,282,000**	**2,000,000**		**22,425,750**		**1,856,250**

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Table 5

Calculations continued

Allocation of ACC Eligible Costs		
Measure		**Quantity**
10-year Population Growth		17,500
10-year Employee Growth		7,500
Total		**25,000**
Total ACC Eligible Costs		**$24,282,000**
Residential Share	92%	$22,425,750
Non-Residential Share	8%	$1,856,250
Calculation of Residential ACC Rates per Capita		
Residential Share of ACC Costs		$22,425,750
10-year Population Growth		17,500
$/capita		**$1,281**
Calculation of Non-Residential ACC Rate per Square Metre		
Non-Residential Share of ACC Costs		$1,856,250
10-year Floorspace Forecast (sq.m.)		750,000
$/sq.m.		**$2.48**
Calculation of Residential ACC Rates per Unit		
Occupancy Rates by Unit Type	**Person Per Unit**	**Rate per Unit**
Low Density (Singles/Duplex)	3.00	$3,844
Medium Density (Townhouse/Rows)	2.70	$3,460
High Density (Apartments)	2.20	$2,819

5.12 Determining if ACC Charges are Excessive

Local governments must consider whether the charges are excessive in relation to the capital cost of prevailing service standards in the municipality or regional district when setting ACCs.[25] This requirement in the LGA aims to prevent excessive enhancements by ensuring ACCs fund amenities for new development that are reasonably consistent with those already available to existing residents and workers.

Local governments might choose to evaluate whether an ACC is excessive by considering some or more of the following:

STEP 1 – Establish the Prevailing Service Standard

There are three stages to establish the capital cost of the prevailing service standard:

- **Stage 1** – Compile an inventory of capital assets for ACC eligible amenities.
- **Stage 2** – Determine the replacement cost, in current dollars, of the inventory.
- **Stage 3** – Calculate the prevailing service standard by dividing the replacement cost of the current inventory by the local government's current population, or population plus workers added through jobs.

In jurisdictions with fewer amenities, prevailing service standards can be calculated for all amenities combined. For other jurisdictions, it is more effective to calculate prevailing service standards for each type of amenity (e.g. libraries, recreation facilities, daycares) to avoid setting ACCs that would support excessive standards in any one service category.

STEP 2 – Determine Service Standard for New Amenities

Next, apply the prevailing service standard expressed as dollars per capita, or per capita and jobs to the forecasted population and employment growth over the ACC calculation timeframe. The resulting amount indicates the revenue required to provide sufficient new amenities to maintain the prevailing service standard(s) for the anticipated growth.

The ACC revenue necessary to maintain prevailing standards should then be compared to the development-related capital costs of amenities to be funded by the ACC.

STEP 3 – Assess "Excessiveness"

If the cost of the projected development-related amenities exceeds the calculated amount of ACC revenue necessary to maintain prevailing standards, the ACC is potentially excessive. However, an ACC may still be justified if it is required to achieve a level of service that meets:

- a previously approved standard (e.g. higher design or construction standards for new buildings); or,
- a recognized local government benchmark standard (e.g. library space per capita).

In the Table 6 example, the ACC exceeds the amount required to maintain the prevailing standard by $833,333. This suggests that the ACC may be excessive unless a higher approved standard or a recognized benchmark justifies the additional cost. If no such justification exists, the ACC would indeed be excessive.

STEP 4 – Implement Mitigating Measures

If the ACC exceeds the cost of the prevailing service standard, an approved standard set by elected officials, or a benchmark, local governments are encouraged to consider implementing mitigating measures, such as:

- reducing the list of amenities funded by the ACC to lower the charge; or,
- increasing the assist factor to lower the charge, thereby reflecting the contribution of existing residents and workers toward the cost of achieving the higher service standard.

5.13 Financial Feasibility Testing

The LGA requires that local governments consider whether ACC charges will deter development or discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land when setting ACCs.[26]

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 may suffice. However, more complex scenarios may warrant

25 LGA s.570.7 (5) (c); Vancouver Charter 523K (5) (c).
26 LGA s.570.7 (5) (d); Vancouver Charter 523K (5) (d).

Table 6

Example of Excessive ACC - Library Service

Library Service Example			
A	Value of current amenity capital asset inventory	$10,000,000	A
B	Current population and jobs	12,000	B
C	Prevailing service standard	$833	C = A/B
D	Forecast population and job growth	5,000	D
E	ACC Revenue required to maintain prevailing standard	$4,166,667	E = C x D
F	Growth-related costs in ACC Library program	$5,000,000	F
G	Difference	$(833,333)	G = E - F

detailed financial feasibility testing to understand potential impacts.

Ensuring that ACCs remain sensitive to development viability is essential. Various factors influence the delivery of residential and non-residential development, such as:

- **Rising Land and Construction Costs:** Historical trends show that the number of viable development opportunities declines under upward pressure (increasing costs due to demand, limited supply, or other factors) on the price of land and on construction costs.
- **Restrictive zoning, parking and other land use requirements:** Limiting how many units can be built, and where they can be built, can constrain building design, and impose costs that directly impact project viability.
- **Development approvals processes:** Timelines, fees, procedural steps and discretionary approvals impact project viability by increasing costs and risks.
- **Increased Development Levies:** Many local governments consider higher DCCs and ACCs to fund necessary infrastructure and amenities in order to manage growth.
- **Provincial Legislative Requirements:** Expanded requirements for sustainability, affordability, and accessibility add complexity and cost to development projects.
- **High Employment Use Costs:** Office and industrial development faces high construction costs relative to revenue, challenging development viability.

Addressing these factors requires a careful evaluation of the financial impact of ACCs. An added challenge is the variability in market, zoning, and site conditions across the communities, and how they change over time. ACCs impact development economics differently across sites, creating a range of impacts. The primary objective is to set a charge that does not broadly deter development in areas planned for growth.

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.

For example, a viable real estate project requires that revenues from selling or leasing marketable space cover all project costs and in addition, provides a return on investment. Since market conditions set project revenue, developers cannot simply increase prices to accommodate higher costs. Therefore, project costs, of which local government fees and charges are a component, can influence project viability. This is shown in Figure 11: Components of Development Viability.

Adding or increasing an ACC increases overall project costs, potentially affecting viability in two ways:

- **Land Value Reduction:** Developers may lower land purchase offers to offset higher costs if ACCs are known in advance.
- **Profit Margin Reduction:** For developers who already own land, the increased cost will reduce profit margins unless other cost savings can be made for developers who already own land.

These impacts can be summarized as:

- Fixed Revenues - Increased Costs - Fixed Profit Margin = Decreased Land Value
- Fixed Revenues - Increased Costs - Fixed Land Costs = Reduced Profit Margin

Financial Impact of High ACCs Under Existing Zoning

Projects developed under existing zoning are subject to the density and use restrictions outlined in the zoning bylaw. If an unexpectedly high ACC is imposed, it increases project costs without providing any opportunity to generate additional revenue.

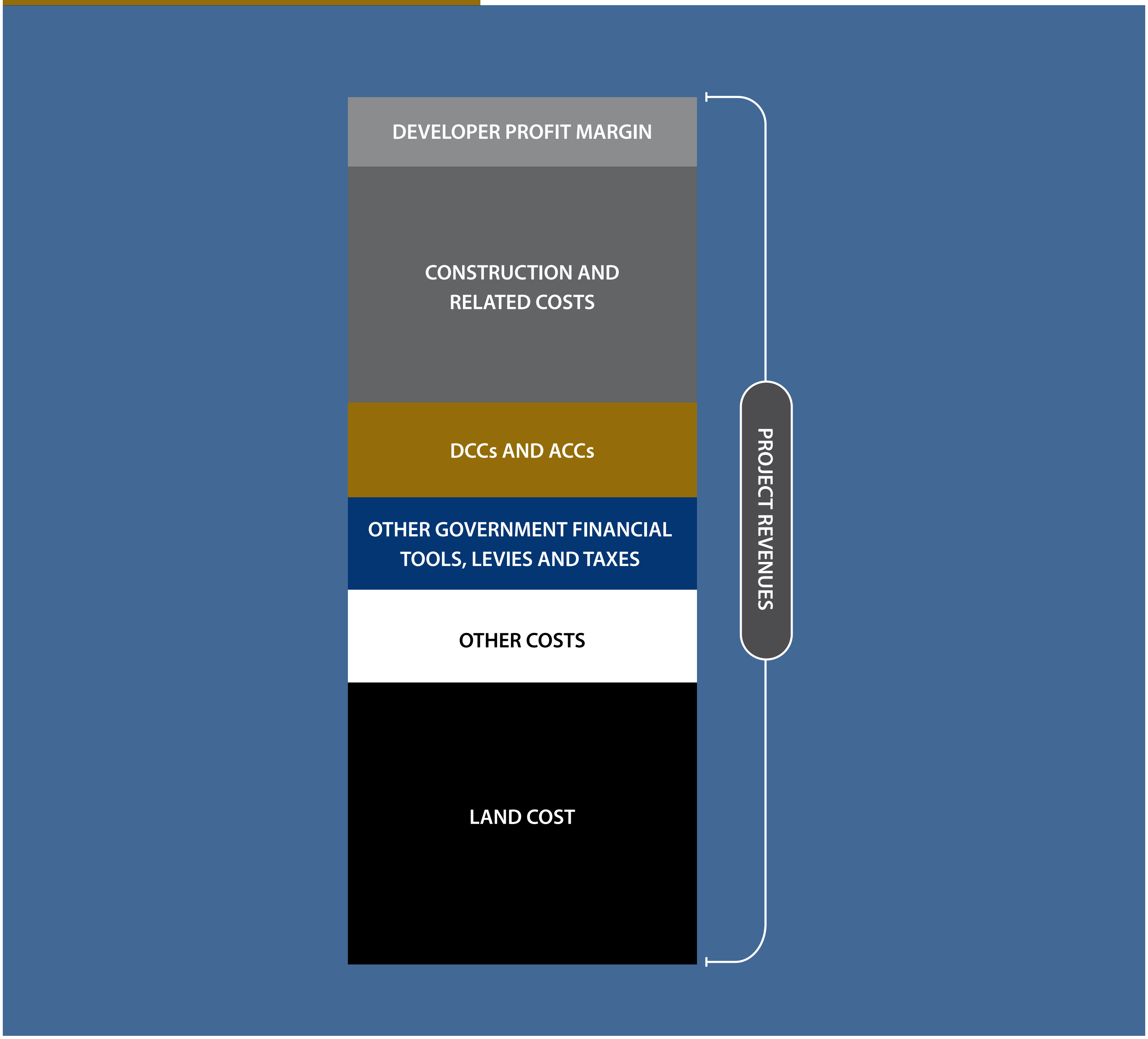
This is shown in Figure 12: ACC Impact on Profit Margin for Project Proceeding Under Existing Zoning and Figure 13: ACC Impact on Land Value for Project Proceeding Under Existing Zoning.

A higher ACC will reduce the project's profit margin where a property owner has already purchased land for development. Profit margins, typically in the range of 8–12%, are often required by lenders to secure financing and approve loans. This could lead to several potential outcomes:

1. **No Impact:** If the new charge is minor compared to total costs or can be absorbed through cost savings, the project may proceed without a significant impact on development viability.
2. **Project Delays:** If the increase in the charge is substantial, the developer may delay the project until market prices increase to restore profit margins.
3. **Property Sale:** If profit margins erode too significantly, the developer may decide to sell the property. Potential buyers will assess the property by calculating project feasibility with the ACC factored into project costs, which could lead to:

Figure 11

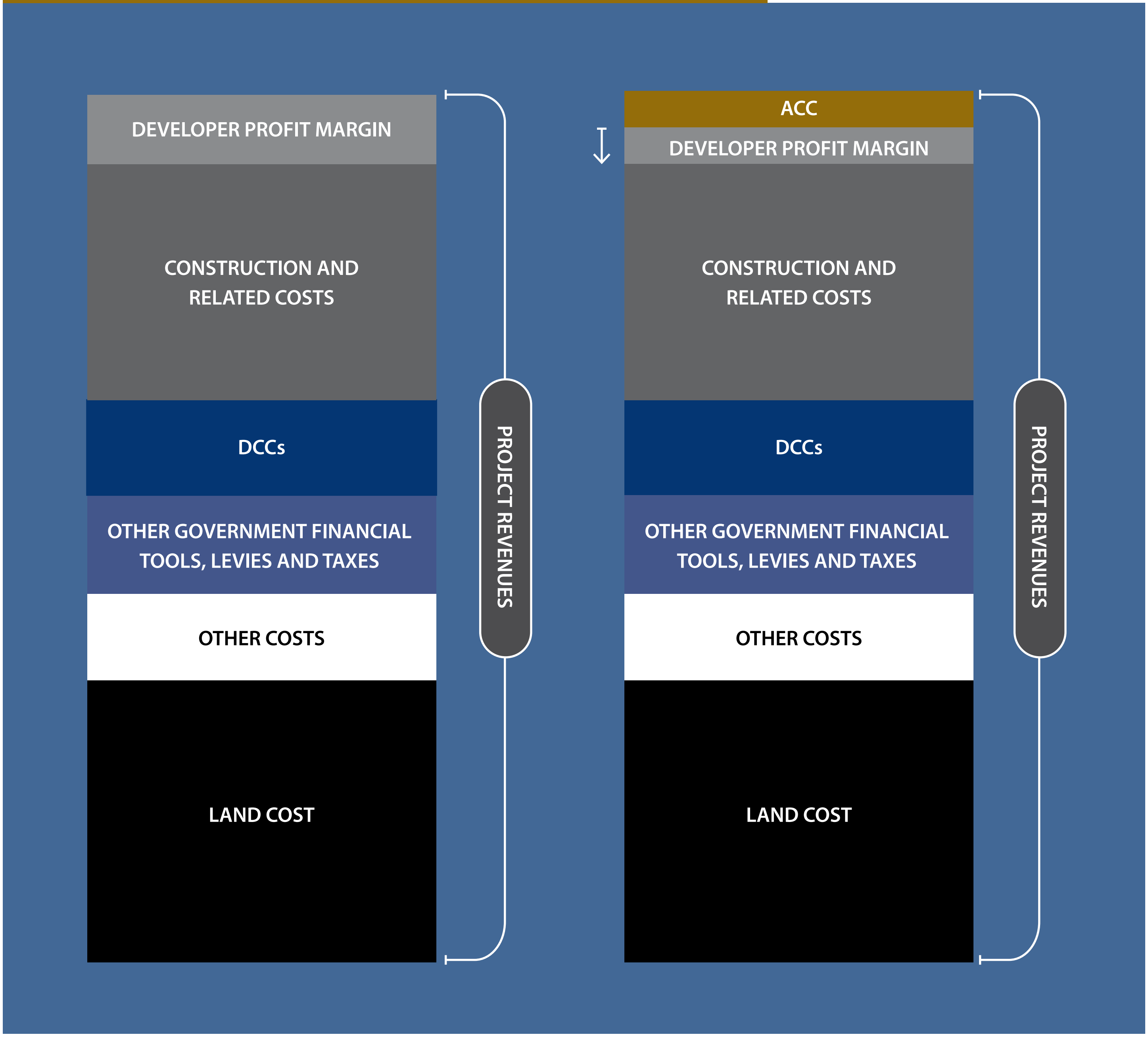
Components of Development Viability



- **Proceed with Development:** A new buyer could acquire the land at a sufficiently reduced price to enable a financially viable development without impacting profitability; or
- **Change in Use:** The value as a development site under current zoning drops below the value of its existing use. In this case, the ACC effectively changes the "highest and best use" of the property. Instead of redevelopment, the highest value may be in its existing use. This delays redevelopment and limits potential growth.

The risk of the change in use is heightened with ACCs on properties under existing zoning because the existing use and the land value supported by the zoning are often similar. If the zoning-supported land value were

Figure 12
ACC Impact on Profit Margin for Project Proceeding Under Existing Zoning



significantly higher, the property would likely already be attractive for development. Properties remaining in the market typically have marginal redevelopment viability under existing zoning.

Pre-zoning

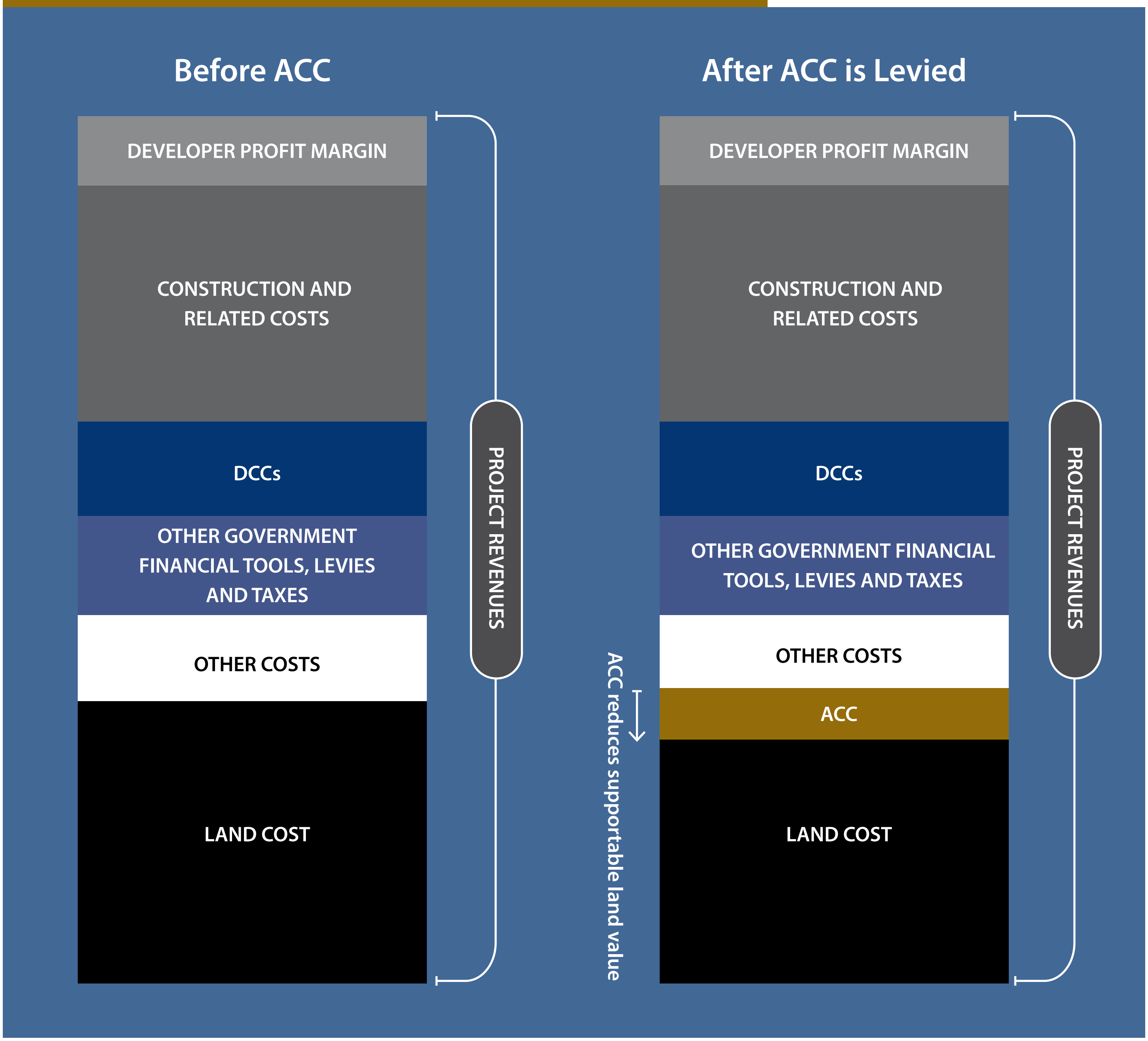
Implementing ACCs alongside zoning changes, such as increased density, can offset the impact on development viability. The allowable height and density of a project are regulated by the site's zoning.

When zoning changes to permit greater density, land values often rise, as increased density effectively adds more land by allowing more buildable space. Additional square feet of permitted space raises a site's market value, especially in high demand locations. However, in areas where zoning is permissive, where pre-zoning is broadly applied and there are many pre-zoned sites to choose from, or development is only marginally viable, this effect may be less significant. If the zoning changes to allow a six-storey mixed-use apartment building, the amount a developer would be willing to pay for the land increases, as the additional height and density enhances the property's market value (see graphic below).

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.

Figure 13

ACC Impact on Land Value for Project Proceeding Under Existing Zoning



See Figure 14: An Example of Land Value Created by a Zoning Change and Figure 15: An example of Land Value Created by a Zoning Change After ACC is Levied for more information.

Local governments may wish to undertake financial feasibility testing to ensure the ACC doesn't reduce land value below the property's existing use or zoning value.

The ACC impact slightly reduces the land value following pre-zoning but still maintains it above the levels of the existing use and zoning. This ensures that the owner or developer retains sufficient incentive to sell or redevelop the property and pay the ACC without a significant erosion of profit margins. See Figure 15: An example of Land Value Created by a Zoning Change After ACC is Levied.

Financial Evaluation

Understanding zoning and land market dynamics underscores the need for local governments to carefully evaluate the impacts of ACCs.

Variations in location, land use, and permitted densities can affect the level of supportable ACC charges, making it essential to conduct financial feasibility analyses for representative development scenarios within a local government.

Financial feasibility evaluation using case studies is an effective way to test development capacity to absorb an ACC. Case study analysis can model hypothetical projects on representative sites, allowing for a review of potential impacts on land value and profit margins and determine what effect these charges might have on development viability.

Case studies should reflect areas where growth is occurring or anticipated. The number of case studies will vary based on the diversity of existing land uses, zoning, and market conditions; more variability may necessitate a broader set of case studies. The goal is to identify a charge that is supportable across a significant portion of sites experiencing or planning for development. Local governments are encouraged to share case study examples with development industry stakeholders to ensure that they reflect local market conditions.

Each financial feasibility evaluation should include a proforma analysis, land residual analysis, or comparable assessment to model the impact of the ACC using current market data and local government development requirements.

For sites under existing zoning, the analysis should ensure that profit margins remain viable, and land values do not fall below the value of the existing use. For projects where higher densities are anticipated, analysis should confirm that the increase in land value from added development rights can absorb the ACC. Inclusionary Zoning requirements should be integrated into any ACC assessment.

In local governments with developments under both existing zoning and pre-zoned areas—or where sub-markets vary significantly—there may be substantial differences in supportable charge levels. To maintain development viability across diverse conditions, strategies could include area-specific ACCs, pre-zoning for added density, or offering density bonuses. Adjusting affordability, sustainability, or accessibility requirements could also increase the feasible charge level. Importantly, ACCs applied to existing zoning should be phased in to give the local development industry time to adjust.

When conducting a financial evaluation, local governments may want to consider, among other things, the following:

- **Analyze Cumulative Impact:** Ensure the analysis considers the combined effect of all fees and charges, including both DCCs and ACCs. This should include all fees and charges both at the municipal and regional district scale. This is considered in Section 3.4 How To Use Multiple Development-Related Tools.
- **Broad Impact:** The LGA requires impact assessment across the local government rather than on specific development projects. This means evaluating whether, in aggregate, changes could compromise overall development forecasts, housing affordability, and the supply of serviced land. While an individual development may be delayed or cancelled due to a higher-than-anticipated ACC, the primary concern is the overall effect of these charges on the rate of development, housing affordability, and land supply.

The financial analysis should follow these steps:

- **Identify Growth Areas:** Review recent development applications and growth scenarios in the OCP.
- **Select Representative Case Studies:** Identify development projects that represent typical scenarios in the area, considering both existing and proposed uses. Include a mix of projects—some that would have been subject to amenity costs in the past and others that would not.

Figure 14

An Example of Land Value Created by a Zoning Change

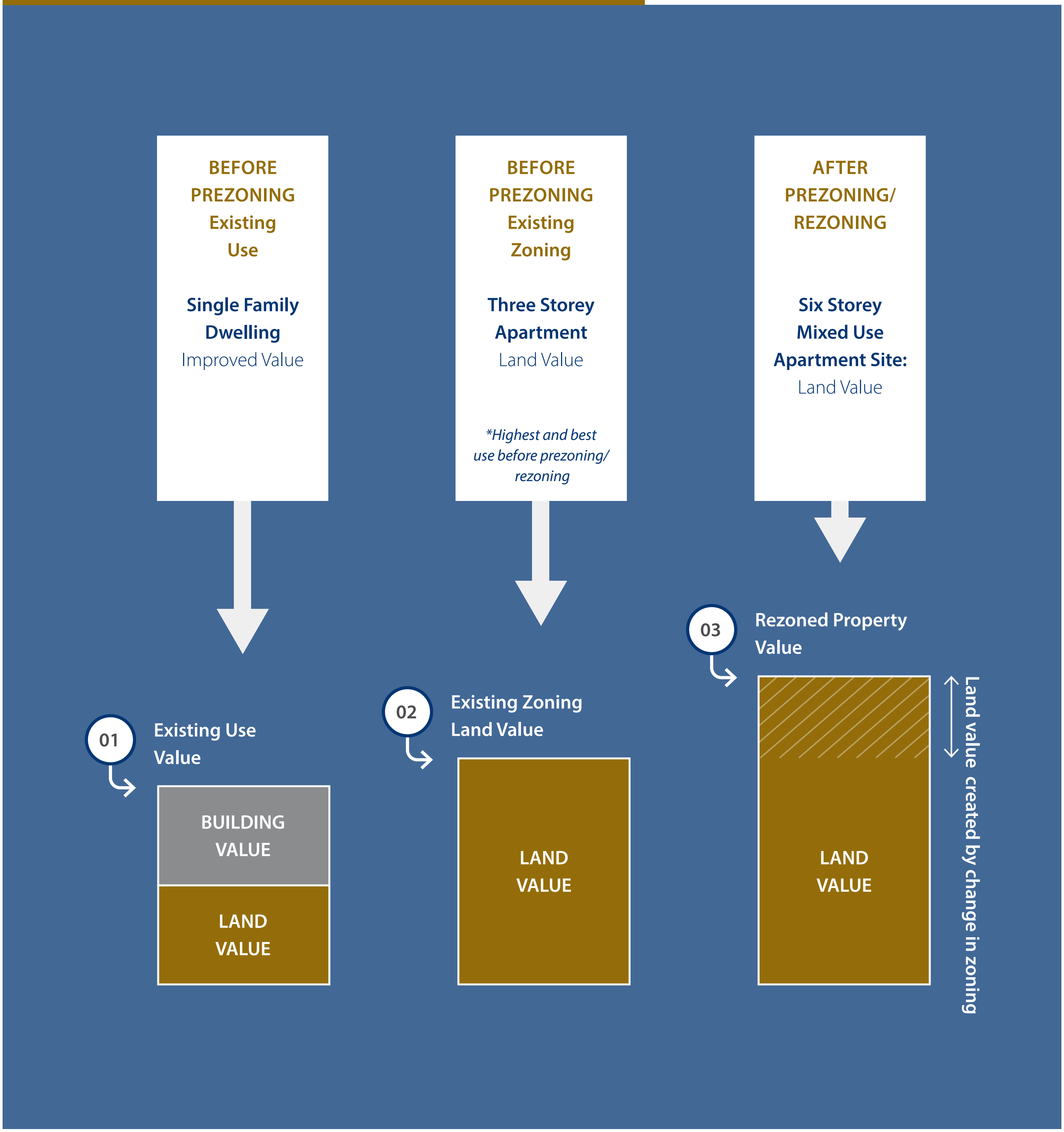
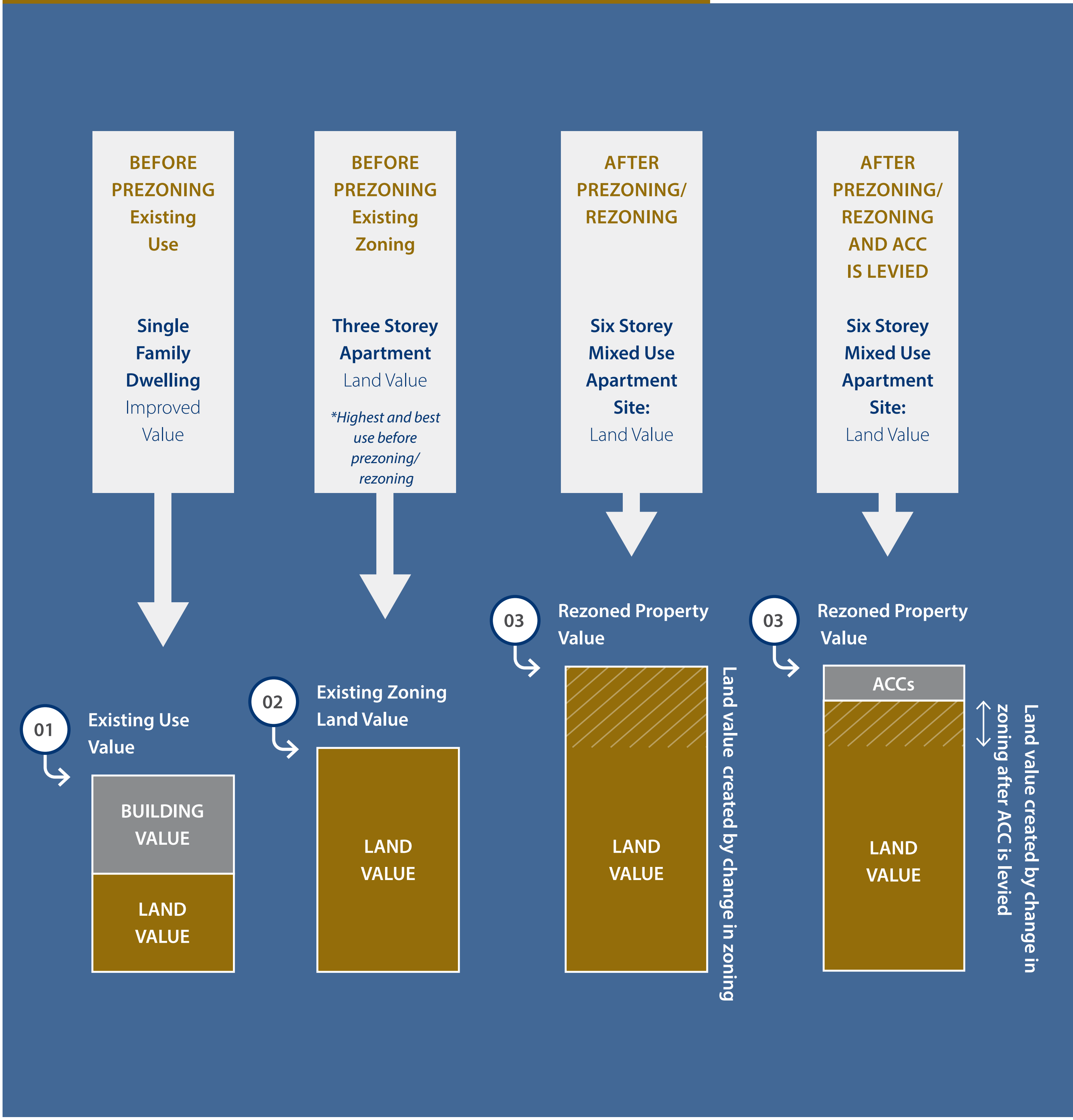


Figure 15
An Example of Land Value Created by a Zoning Change After ACC is Levied



- **Conduct Financial Feasibility Evaluations:** Ensure the ACC does not materially impact profit margins or reduce land values below the existing use value for projects under existing zoning. Confirm that the ACC can be supported by land value increases from additional development rights for pre-zoning cases.
- **Incorporate Local Government-Specific Requirements:** Account for infrastructure, accessibility, affordability, and sustainability standards, particularly for Inclusionary Zoning.
- **Determine Charge Ranges:** Review all charges supported across case studies, adjusting them as necessary to align with zones, uses, or areas. This could include implementing area-specific ACCs where higher charges are feasible based on zoning, use, or location, or pre-zoning for additional density or modifying other local government requirements in areas where lower charges make development more viable.
- **Set Supportable Charges:** Implement ACCs that can be supported by the majority of sites and development types in the growth areas.

By undertaking a thorough financial evaluation, local governments can implement ACCs that support community goals while preserving development viability across various sites and market conditions.

5.14 Supporting Documents

All data, assumptions, and rationale used to develop ACCs should be documented in a supporting report accompanying the ACC bylaw. While the legislation does not specify a requirement for a report, the considerations, information, and calculations used to determine ACC charges must be made available to the public upon request.[27] Additionally, it is encouraged that this report be made publicly available in advance of the bylaw being adopted by the council/board to support transparency and engagement during the consultation process.

The supporting documentation serves as a foundation for monitoring the validity of assumptions underlying the proposed ACCs over time. Clearly defined assumptions make it easier to update the ACC program when revisions become necessary. As changes in conditions or data arise, an update to the ACC program can be conducted efficiently if the assumptions and methodologies are clearly outlined.

To ensure accessibility, the report should be written in plain language, allowing all stakeholders to easily understand its contents. The report should summarize capital costs and revenue assumptions, outline the methodologies used to calculate the charges, and include any relevant background information that explains the rationale behind the proposed ACCs.

Suggested Table of Contents for an ACC Report

Local governments have flexibility in how they present information to reflect the unique circumstances of their communities. However, the following key items should be included in the ACC report:

Information Requested by Inspector of Municipalities

A local government is required to provide any information related to ACCs upon request by the Inspector of Municipalities.[28] This includes, but is not limited to:

- details on the determination and setting of ACCs; and,
- documentation on the development of the ACC bylaw and any subsequent amendments, including a summary of consultations conducted during the development process.

A detailed and thorough ACC report, incorporating all the of elements set out above, will be sufficient to meet these requirements in most cases.

27 LGA s. 570.7(7)
28 LGA 570.94.

Table 7
Suggested Table of Contents for an ACC Report

Section	Description
Executive Summary	Summarize the purpose, key findings, calculated rates, and main recommendations of the ACC program.
Introduction and Purpose	Explain the program's context, objectives, and its role in funding infrastructure and amenities.
Legislative and Policy Context	Outline relevant legislative frameworks, provincial requirements, and alignment with local government policies.
Assumptions and Methodologies	
Capital Cost Estimates	Provide estimates for eligible infrastructure or amenities.
Revenue Projections	Include projections of revenues generated by ACC charges over the bylaw's timeframe.
Allocation of Costs	Detail the allocation of costs between existing and future development.
Calculation Methodology	Explain the formulas and assumptions used to derive ACC rates, including unit cost factors and growth assumptions.
Detailed Rate Analysis	Present calculated ACC rates for each area.
Rationale for the Assist Factor	Explain how the Assist Factor was determined and its impact on affordability and rates.
Consultation Summary	Provide an overview of the consultation process, including methods used, stakeholders consulted, and key feedback.
Implementation and Phasing Plan	Describe planned phasing of rates or implementation timelines to align with development patterns.
Monitoring and Review Process	Outline how the program will be monitored and updated to reflect changes in growth, costs, or assumptions.
Appendices	
Development Projections	Assumptions and data on anticipated residential and non-residential growth.
Cost and Rate Calculations	Summary of technical calculations for capital costs and rates.
Legislative References	Excerpts or summaries of relevant legislation for easy reference.
Public Consultation Record	Overview of feedback received during engagement processes.
Supplementary Materials	Maps, diagrams, and relevant studies or technical reports.

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