



Interim Guidance

Development Finance Tools Update: Development Cost Charges/Levies and Amenity Cost Charges

Ministry of Housing
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Contents of this document are not intended to be provided as legal advice and should not be relied upon as legal advice.

Introduction

Local governments have a range of development financing tools that can be used to help fund the costs of infrastructure and amenities that are needed to support new development, including Development Cost Charges (DCCs)/Development Cost Levies (DCLs), subdivision servicing bylaws, excess or extended services, latecomer agreements, development works agreements, and density bonusing.

In the fall of 2023 [Bill 46 – 2023: Housing Statutes \(Development Financing\) Amendment Act](#) (Bill 46) made amendments to the *Local Government Act* (LGA) and the *Vancouver Charter* to provide local governments (municipalities and regional districts) with new and expanded development finance tools.¹

These changes include:

- 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.
- 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.

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. Any questions on this topic should be directed to the Ministry of Municipal Affairs at LGIF@gov.bc.ca.

This interim guidance will help local governments update or adopt DCC/DCL bylaws to begin collecting for the new categories of eligible infrastructure and to implement an ACC bylaw, if they choose to use the new tools.

The Province will develop more comprehensive guidance in consultation with the Development Finance Review Committee (DFRC)², local governments, and the development industry, for release in late 2024.

Background

The Province of BC passed legislation in the fall of 2023 to facilitate increased housing supply as part of the Province's *Homes for People Action Plan*. Through [Bill 44 – 2023: Housing Statutes \(Residential Development\) Amendment Act](#) and [Bill 47 – Housing Statutes \(Transit-Oriented Areas\) Amendment Act](#)

¹ The amendments came into effect on November 30, 2023.

² The DFRC was formed as an advisory committee in 1995 to advise the Ministry of Municipal Affairs about the development of best practices, policy, and potential legislative changes in relation to development finance. The DFRC includes representation from the Union of BC Municipalities, Planning Institute of BC, local governments, and the development industry.

the Province made changes to the land use planning frameworks under the LGA and the *Vancouver Charter*, including:

- Requiring local governments to update zoning bylaws to allow for small-scale, multi-unit housing (e.g., secondary suites/accessory dwelling units, triplexes, townhomes, and houseplexes) in land use zones that are otherwise restricted to single-family dwellings or duplexes.
- Requiring local governments to shift to a more pro-active, long-term approach to planning where they must identify their housing needs and then zone for what housing is needed.
- Removing public hearings on rezonings for housing projects that are consistent with a local government’s official community plan (OCP).
- Requiring some municipalities to designate Transit-Oriented Areas (TOAs) near transit hubs. In TOAs, municipalities may not use zoning powers to prohibit or restrict prescribed minimum levels of density, size, and may not impose off-street parking requirements other than for disabled persons, and must consider a provincial policy manual when planning or amending zoning bylaws.

As local governments shift to more upfront planning and zoning through Bills 44 and 47, changes under Bill 46 provide local governments with new and improved development finance tools to help fund infrastructure and amenities to support increased housing supply and growth.

More information on local government housing initiatives is available on the Ministry of Housing website located at: <https://www.gov.bc.ca/housingInitiatives>

Legislation Overview

Development Cost Charges/Development Cost Levies³

Overview

Under section 559 of the LGA, municipalities and regional districts can choose to collect DCCs from new development to help pay for the capital costs of off-site infrastructure services that are needed to accommodate growth.

DCCs can be collected for defined categories of infrastructure as specified in legislation: sewage, water, drainage, highway facilities, and the acquisition and improvement of parkland.⁴ Per amendments under Bill 46, local governments can collect DCCs for the following new categories: fire protection, police, and solid waste and recycling facilities.

³ DCCs are known as DCLs in the City of Vancouver, where they are authorized under the *Vancouver Charter*. For the purposes of this interim guidance, any reference to DCCs include DCLs. While there are differences between the DCC and DCL frameworks (e.g., the Inspector of Municipalities approves DCC bylaws but not DCL bylaws), the recent amendments to expand the scope of eligible infrastructure are the same under both frameworks. Thus, the information provided in this interim guidance can apply to both.

⁴ Additionally, the City of Vancouver can collect DCLs for day care facilities and replacement housing.

The [Development Cost Charges Best Practices Guide](#) (Best Practices Guide) provides general DCC policy direction that also applies to the new DCC categories. For guidance on existing DCC policies when establishing or amending a DCC bylaw, please refer to the Best Practices Guide. Project Eligibility for New DCC Categories

Consistent with existing DCC categories, capital projects under the new DCC categories must directly or indirectly service new development (LGA section 559(2)). Provincial policy establishes that charges are only eligible for capital assets owned or controlled by the local government. Project cost estimates under the new DCC categories that are included in a new or amended DCC bylaw must be consistent with the local government's OCP, financial plan, service plans, and long-term capital plans. Under section 560 of the LGA the Inspector of Municipalities (Inspector) may refuse to grant approval of a DCC bylaw if the Inspector determines that the DCCs are not related to capital costs attributable to projects included in a local government's financial plan.

The definition of capital costs under section 558 of the LGA includes planning, engineering and legal costs directly related to the work for which a capital cost may be incurred. Costs that are not eligible under existing and new DCC categories include:

- Operating and staffing costs, personal equipment, and mobile equipment, including vehicles and other rolling stock such as fire and garbage trucks.
- Leased facilities, except for the costs of construction or leasing an asset that will be controlled by the local government under a capital lease.
- Projects related to maintenance or replacement of existing assets.

Fire Protection Facilities

A fire protection DCC program should be based on the long-term strategy and priorities provided in a fire protection/department master plan (or equivalent).

For DCC programs, infrastructure considered "fire protection facilities" includes projects such as:

- firehalls;
- training facilities;
- staff quarters;
- apparatus bays;
- maintenance facilities
- dispatches; and,
- fire department administration buildings.

Fire service costs that are not considered "facilities" include:

- all vehicles related to the service; and,
- any gear or equipment that is conveyed to the site of a fire or other service activity.

Police Facilities

A police facilities DCC program should support a municipality with a facility for a police force of sufficient size. For DCC calculations, a key consideration is ownership or control of the capital infrastructure located within a municipality. A single facility may accommodate multiple detachments that provide services to more than one jurisdiction. Only the portion of a facility that serves a municipality should be used in DCC calculations for that municipality.

For DCC programs, infrastructure considered “police facilities” includes projects such as:

- detachment buildings;
- municipal jails, cells, and holding facilities;
- training facilities;
- community policing centres;
- dispatches; and,
- police administration buildings.

Policing costs that are not considered “facilities” include:

- all vehicles related to the service; and,
- any gear or equipment related to the service.

Solid Waste and Recycling Facilities

A solid waste and recycling DCC program should be based on an approved solid waste management plan and align with the financial and long-term capital plan.

Solid waste and recycling facilities may be included in a municipal DCC program if they are not part of the separate service of a regional district. Where the authority for a solid waste service lies outside a municipality (e.g., within a regional district), a separate DCC can be imposed by that jurisdiction. In that case, the municipality will be governed by the regional DCC bylaw and the municipality will collect and remit solid waste and recycling DCCs to the regional district.

For DCC programs, infrastructure considered “solid waste and recycling facilities” includes projects such as:

- solid waste master planning;
- landfills;
- transfer stations;
- recycling depots and processing facilities; and,
- compost facilities.

Solid waste and recycling costs that are not considered “facilities” include:

- curbside collection costs including garbage trucks;
- vehicles that are on-site at a landfill or other facility;

- asset management; and,
- environmental monitoring.

Bylaw Process for New Categories

During the development of a DCC bylaw, local governments must ensure that all bylaws and processes conform to all legal requirements. Local governments must properly consider whether the proposed DCCs will:

- be excessive in relation to the capital cost of prevailing standards of service;
- deter development; or,
- discourage the development of reasonably priced housing or reasonably priced serviced land.

When incorporating a new category into a DCC program, local governments are advised to follow the existing methodologies in the [Best Practices Guide](#). Each new DCC category (fire protection facilities, police facilities, solid waste and recycling facilities) will need to be calculated individually and included as a separate charge in the bylaw. The addition of a new category in a DCC bylaw is considered a major update to the bylaw and will require a local government to conduct a full review of the DCC methodologies and underlying assumptions used.

Bylaws establishing or amending a DCC bylaw require approval by the Inspector of Municipalities before adoption. To assist in the approval review of a proposed DCC Bylaw, a copy of the [Development Cost Charge Submission Summary Checklist](#) (updated March 2024) should be completed by the local government and attached to the bylaw approval package being sent to the Inspector of Municipalities.

Please contact the Financial Analyst for your local government at the Ministry of Municipal Affairs to discuss or review the addition of new categories to a DCC program. This is particularly important if the local government intends to request the inclusion of interest in charges for the new categories. Discussing this well in advance may save a local government significant time. Staff contacts can be found on the [Local Government Division Staff Finder](#).

Once levied and collected, the DCCs must be deposited into separate fire protection, police, and solid waste and recycling DCC reserve funds, as established by bylaw. One bylaw may be used to establish all the reserve funds. A reserve fund should be established by bylaw for each of the current DCC categories (water, sewer, etc.). These reserve funds may only be used for capital costs relating to the projects used in the calculations of an approved DCC bylaw. Any interest earned from investments in these reserve funds must be used for eligible DCC projects.

Allocating Benefits

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

If a grant for a project in a DCC program has been received, that grant should be deducted from the capital cost of the project and the remainder allocated between the existing population and new development. This approach enables both existing and new contributors to the capital cost to benefit from the grant.

Fire Protection and Police Facilities

Fire protection and policing services benefit the entire community, as emergency services are not fixed or limited to a specific geographic region. Because the services benefit the population at large, capital costs related to fire protection and police facilities should be apportioned to existing users as well as the new development. In addition, any aspect of a fire protection or police facilities DCC program that involves replacing existing facilities has a higher benefit to existing users and should be allocated accordingly. Only the portion of the project that services growth should be allocated to new development.

Solid Waste and Recycling Facilities

As part of a solid waste management plan, a local government should assess the current solid waste management system and determine any existing deficiencies and areas for improvement. Any projects that are required to address existing deficiencies or to improve solid waste processes should be assigned higher benefit to existing users.

Assigning Costs to Land Use Types

Each type of development creates different demands on off-site infrastructure services. The impact of each type, relative to that of others, needs to be considered when assigning the portion of total infrastructure costs attributable to growth. Local governments usually express relative impacts in terms of “equivalent units,” which express the impact of each type of development on a service relative to that of a single-family house. The relative impacts of the different development types will vary by type of service.

Police facilities DCCs, for example, may be based on the premise that expansion of and/or building police facilities is required due to population growth and can therefore be based on occupancy rates for residential land use and equivalent population density for non-residential land use. The calculation involved would be similar to the sanitary DCC method in the [Best Practices Guide](#). Local governments are encouraged to work with professional planners and engineers to determine appropriate equivalent units for the new categories so that the best possible method of assigning cost to types of development is used.

Considerations with Other Housing Legislation

In addition to establishing whether to collect DCCs to help pay capital costs of fire protection, police, or solid waste and recycling facilities, local governments will also need to determine how their DCC program is affected by other new housing legislation amendments, particularly small-scale multi-unit housing (SSMUH) requirements (as established in Bill 44).

For example, the LGA establishes that DCCs are not payable on building permits authorizing the construction, alteration or extension of fewer than four self-contained dwelling units unless the DCC bylaw specifies that DCCs are payable. In light of amendments under Bill 44, which enables multiple dwelling units on a single-family lot, if a local government wishes to impose DCCs on fewer than four dwelling units and does not have this authority provided for within the current DCC bylaw, an amendment to the DCC bylaw would be required.

To provide an incentive for affordable housing, a local government may define affordable rental housing and then provide waivers and reductions of DCCs to developments that are eligible under these definitions. Local governments should consider waivers and exemptions for affordable rental housing so that there is an incentive for this much needed type of development.

Amendments to a DCC bylaw may also be required if assumptions used to calculate DCCs, such as the number of residential units, housing stock mix, or occupancy rates, are affected by SSMUH requirements. Please refer to the SSMUH [Provincial Policy Manual & Site Standards](#) for more information.

Another consideration is regarding the timing of collecting DCCs. Typically, single family DCCs are charged at subdivision approval, but with the new legislation allowing additional dwelling units on one lot, a local government may want to provide that single family dwelling DCCs may, in the alternative, also be charged prior to issuing a building permit.

Amenity Cost Charges

Amenity Cost Charges (ACC) is a new development finance tool that allows local governments to collect funds for amenities, such as community centres, libraries, daycares from new development that results in increased demand for services. These amenities support liveable and complete communities in areas of growth.

The new Division 19.1 of the LGA authorizes local governments to impose ACCs and outlines the legislated requirements. The equivalent authority is provided to the City of Vancouver through Part XXIV-B of the *Vancouver Charter*.

This interim guidance provides local governments with an introduction to ACCs and the legislative requirements and key considerations for developing an ACC program and bylaw.

While the ACC tool is distinct, local governments are encouraged to borrow many of the principles and practices that apply to DCCs as outlined in the [Development Cost Charges Best Practices Guide](#) and use those practices when developing an ACC program. These well-established DCC practices will help stakeholders understand the rationale for ACCs and can help guide the process of developing an ACC program. The design approach to the ACC framework was also based on the foundational principles set out in the DCC Best Practices Guide.

Overview

Local governments can collect ACCs on subdivision approval or prior to the issuance of a building permit from any new development that results in an increase in the population of residents or workers (i.e., if a development adds new residential units or new workplaces to the community) in areas where a local government is planning for growth. Similar to DCCs, ACCs must be imposed by bylaw and in accordance with the process and requirements set out in the legislation. Local governments can choose whether or not to use the new ACC tool and can adopt an ACC bylaw at any time. Unlike DCCs, ACC bylaws do not require approval from the Inspector of Municipalities.

Project Eligibility

Under section 570.1 of the LGA and section 523E of the *Vancouver Charter*, an “amenity” is broadly defined as a facility or feature that provides social, cultural, heritage, recreational or environmental benefits to a community. Amenities need to directly or indirectly benefit the new development itself and the increased population of residents or workers that result from the development.

While the legislation sets out a list of the types of amenities that a local government can fund with ACCs, the list is not exhaustive. Examples of amenities include (but are not limited to), a:

- community, youth, or seniors’ centre;
- recreational or athletic facility;
- library; and,
- public square.

ACCs can only help fund the capital costs of amenities. ACCs can be used to fund the capital costs of constructing new amenities or to alter or expand existing amenities, such as creating a new day care space within an existing community centre or adding a new wing to a community centre. Under s. 570.2(3) of the LGA and s. 523G(3) of the *Vancouver Charter*, local governments can also use ACCs for amenities where a local government has a partnering agreement with a person (e.g. not-for-profit organization, corporation, etc.) or public authority (e.g., another local government).

Exemptions

Sections 570.4 of the LGA and 523I of the *Vancouver Charter* establish the following circumstances when development is exempt from ACCs:

- 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.
- Developments that do not result in an increase in population of residents or workers.
 - For example, an ACC cannot be imposed on a triplex if it replaces another triplex because no additional units were added to the community. If a triplex replaces a single-family home, then an ACC can be imposed on the two additional units.

- Developments that have already been charged for a particular amenity, unless further development results in an increase in population of residents or workers (i.e., adds additional units).
 - For example, if a development has already paid an ACC for amenities included in an ACC bylaw but then adds additional units through a renovation, an additional ACC can be imposed on that development to help pay for the amenities in the ACC bylaw.
- Affordable and special needs housing units that are required under an affordable special needs housing zoning bylaw, as defined in section 478.1 in the LGA or 564B of the *Vancouver Charter*.⁵
- Developments that fall under a class of affordable housing prescribed by regulation.

On June 19th, 2024, the [Prescribed Classes of Affordable Housing \(Local Government Act\)](#) and [Prescribed Classes of Affordable Housing \(Vancouver Charter\)](#) regulations came into effect. The regulations exempt the following types of affordable housing from paying ACCs:

- Rental units that will be owned or leased and operated by:
 - government entities, including the Federal and Provincial governments, local governments, local government-owned non-profit housing corporations, and First Nations; and/or,
 - 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 not-for-profit corporations under the *Canada Not-for-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 covenant securing affordability conditions with a local government.
- Supportive housing rental units that will be owned or leased and operated by government entities or non-profit housing providers, which are units provided to seniors, persons with disabilities, persons experiencing or at risk of experiencing homelessness, or other individuals who, based on criteria set by the operator, will benefit from on-site supports and services.
- Non-profit cooperative housing under the *Cooperative Association Act*⁶, as well as federal non-profit cooperatives as defined in the *Canada Cooperatives Act*.
- Transitional housing, which is publicly funded living accommodation provided on a temporary basis to people as part of a program intended to assist them to become better able to live

⁵ In spring of 2024, the Province passed *Bill 16 – Housing Statutes Amendment Act, 2024* (Bill 16), which provides a new tool to allow local governments to secure affordable housing through the adoption of an affordable and special needs housing zoning bylaw (i.e., inclusionary zoning). Bill 16 amended the ACC legislation to establish an exemption for affordable and special needs housing units from ACCs.

⁶ While “non-profit housing cooperative housing” is not specifically defined in the *Cooperative Association Act*, it is understood to be a housing cooperative to which section 173 of that Act applies. This section requires that the property of a non-profit housing cooperative is given to another non-profit housing cooperative or a charitable organization if it dissolves, they cannot sell any part of its property to its members, and shares in the co-op must be at par value. They also cannot issue investment shares.

independently.

- Emergency shelters, which are publicly funded temporary living accommodations that are provided without charge to people who need them.

To the best of their ability, local governments should consider projected exempted affordable housing units when determining the amenities needed to support projected increases of population in the area/areas in which ACCs will be imposed. However, local governments will need to use other revenue sources to make up for the loss of ACC revenue from exempted units. Charges cannot be increased on other forms of development to offset the exemptions. Exempted units can be considered when setting charge amounts and estimating projected revenue from ACCs to predict how much the local government will need to cover through their other revenue sources.

Considerations with Other Tools

The legislation includes rules to prevent “double-charging” for amenities. For example, there is a general rule that a charge for an amenity can only be recovered once (see s. 570.95 of the LGA and s. 523R of the *Vancouver Charter*). This clarifies the relationship between the ACC bylaw and other authorities that local governments can use to obtain amenities (e.g., through phased development agreements, density bonus), and ensures that a development will not be double charged for an amenity under an ACC bylaw through other authorities.

The legislation also clarifies the relationship between the ACC and other tools, specifically in relation to DCCs and density bonus authorities. For example:

- **DCCs:** ACCs cannot be used to pay for the capital costs of infrastructure for which DCCs can be imposed. For example, ACCs cannot be used to fund sewer or water infrastructure (section 570.4(4) of the LGA and section 523I(2) of the *Vancouver Charter*).
- **Density bonus authorities:** Under density bonus provisions, local governments can establish different density rules for a zone – one that is generally applicable for the zone (i.e., a “base density”), and other(s) that will entitle a developer to higher density (“bonus density”), if certain conditions are met either in relation to the conservation or provision of amenities or the provision of affordable and special needs housing. Local governments can continue to use density bonus to collect for amenities and can apply both density bonus conditions and ACCs on the same development (or use the tools separately on different developments or in different areas). However, local governments cannot use density bonusing to collect for an amenity for which an ACC is being collected. For example, if an amenity project is included in the local government’s ACC bylaw, the local government cannot use density bonusing to secure that amenity (section 482(2.1) of the LGA and section 565.1(2.1) of the *Vancouver Charter*).
 - By virtue of the requirements detailed below around how a local government determines the areas ACCs will be imposed, the amenities that will receive funding, and the charge amounts, it is intended that local governments take only the base density into consideration when developing their ACC program.

Developing an ACC Program and Bylaw

To impose ACCs, a local government must pass a bylaw that identifies the:

- area or areas in which the charge(s) apply;
- amenity projects for which a charge will be imposed; and,
- amount of the charges that will be imposed, which must be set as a flat rate per unit and/or per square metre of floorspace.

The ACC rates for the various areas are presented in a series of schedules that accompany the bylaw, which should summarize the charges for the applicable land uses, based on the representative unit of development.

Local governments may consider compiling supporting documents for the ACC bylaw, which include information that captures the data, assumptions, and rationale used to develop the bylaw, to help fulfill the requirements around developing an ACC program. These supporting documents may contribute to overall transparency and allow for local governments to monitor the assumptions made in formulating the proposed ACCs over time. These may also make it easier to later update the ACC program.

Information in these documents should include a summary of capital cost and revenue assumptions, as well as an outline of the various methodologies used to derive the charges.

Under section 570.7(7) of the LGA and section 523K(7) of *the Vancouver Charter*, local governments must make available to the public on request, the considerations, information, and calculations used to determine the ACCs. Information respecting the contemplated acquisition costs of specific properties is not required to be provided to the public.

Determine an Appropriate ACC Program Timeframe

The ACC legislation requires a close connection between projected population growth and the planning of amenities to support that new population. A defined time period for the ACC program is needed for estimating new development and the amenities required to support that new development.

Timeframes for an initial ACC program:

ACCs can be used to help fund amenities needed to support the growth that is anticipated to result from the small-scale multi-unit housing (SSMUH) and transit-oriented (TOA) requirements. Local governments must comply with new requirements under SSMUH and TOA legislation, if applicable, by June 30, 2024.

If local governments want to collect ACCs on SSMUH and TOA developments, then it is recommended they develop their initial ACC bylaw as soon as possible. This would likely entail developing a program with a shorter timeframe, largely based on information from a local governments' current planning documents, growth projections, and financial planning.

The provincial policy manuals for [SSMUH](#) and [TOA](#) provide additional considerations for the application of ACCs in these areas.

Timeframes for subsequent program updates:

Over the long-term, local governments could consider timing their ACC program updates with the newly required timeframes for updating Housing Needs Reports (HNR) and OCPs established in Bill 44 and in

alignment with their DCC program updates, if applicable, to achieve greater efficiencies and alignment between land use planning and financial planning.

Determine Area(s) and Amenities

Under section 570.7(4) of the LGA, local governments are required to consider:

- the applicable OCP(s) and other relevant planning documents (e.g., HNRs, local area plans, public benefits strategies);
- expected increases in population growth of residents and workers; and,
- the financial plan

The ACC bylaw must identify each area where ACCs will be imposed on new development and the amenities in each area that will receive funding.

Under section 523K(4) of the *Vancouver Charter*, the City of Vancouver are required to consider:

- an applicable development plan as defined in section 559;
- an applicable official development plan as defined in section 559;
- other relevant planning documents;
- future land use patterns in the city;
- expected increases in the population of residents and workers; and,
- reports submitted by the Director of Finance.

Determine Charge Amounts

Overall considerations:

Under section 570.7(2) of the LGA and section 523K(2) of the *Vancouver Charter*, ACCs must be set as a flat rate per unit/lot or per square metre of floorspace in a development. As part of determining the charge amounts, local governments must consider the following (as per s.570.7(5) of the LGA and s.523K(5) of the *Vancouver Charter*):

- the capital costs of the amenities in each area;
- the phasing of amenity projects (e.g., the different stages/timelines of the construction of an amenity project)
- whether the charges are excessive in relation to existing standards of services; and,
- whether charges would deter development or discourage construction of reasonably priced housing.

These requirements necessitate that local governments undertake analyses to understand the impact of charges on development viability. Local governments are encouraged to use the same principles and best practices found in the DCC Best Practices Guide when undertaking an analysis on the impact of charges on development viability.

Deductions from the capital costs of amenities:

ACCs are meant to assist local governments with the capital costs of amenities required to support population growth. When determining the specific charge amounts, local governments must make the following deductions from the capital costs of amenities (as per section 570.7(6) of the LGA and section 523K(6) of the *Vancouver Charter*):

- Any grants or other sources of funding (e.g., grants from the provincial or federal government) that are being used to finance an amenity.
- The portion of costs allocated to the existing population. This is determined through a benefit allocation exercise that determines how much the amenities would benefit the new population and how much they would benefit the existing population. As amenities often benefit the existing population, local governments will need to fairly distribute the costs of amenities between future population (i.e., the development) and existing population (i.e., the existing tax base).
- The portion of costs attributed to new development that will be funded by the local government—this is known as the “assist factor.” Similar to DCCs, ACCs are intended to “assist” with paying the capital costs of amenities. Therefore, local governments are expected to provide some financial assistance to ensure that new development does not shoulder the entire costs of amenities.

Varying charges:

Local governments could also consider the varying impacts of different types of developments (e.g., residential vs. employment-related developments, such as commercial or industrial developments, or between different types of residential development) on demand for and use of amenities. To address any differences, under section 570.7(2) of the LGA and section 523K(2) of the *Vancouver Charter*, local governments are enabled to vary charges for different zones, uses, and sizes or different numbers of lots or units in a development, with the requirement that charges must be similar for all developments that are expected to result in a similar increase in the population of residents or workers.

Charges can also vary by different geographic areas. As charges are set based on the cost of the amenities (minus the required deductions for external grants, benefit allocation, and the assist factor) needed in an area to support the anticipated growth within that area, charges will naturally vary between different areas because amenity and growth needs will vary.

Waivers or reductions:

Under section 570.6 (2) of the LGA and section 523J (2) of the *Vancouver Charter*, local governments may waive or reduce charges by bylaw for not-for-profit rental housing (LGA only), for-profit affordable rental housing, and market rate units within a development that is subject to requirements under an affordable and special needs housing zoning bylaw⁷. If a local government chooses to provide waivers or reductions, as is the case with exempted units, they should account for the potential loss of revenue for amenities and prepare for a source other than ACCs with which to make up the loss. Charges cannot be

⁷ Bill 16 made amendments to the ACC legislation to provide local governments with this authority. Local governments can waive or reduce ACCs where it is needed to protect development viability. The financial feasibility analysis will inform the level of waiver or reduction for ACCs.

increased on other forms of development – instead, the local government must use their other revenue sources to make up for this loss.

Consultation During the Development of an ACC Bylaw

To ensure transparency, accountability, and accuracy in determining amenities and resulting charges imposed on new development, the ACC legislation requires a local government to consult with the public and with affected persons, public authorities, and organizations (e.g., the development community, neighbouring municipalities or regional districts, First Nations) during the development of an ACC bylaw. Consultation is required during the development of the bylaw to provide the public and affected parties with the opportunity to provide feedback and for local government staff to consider and incorporate any feedback before the bylaw is considered by a council or board.

These consultation requirements are similar to those required by the Inspector of Municipalities when considering a DCC bylaw for approval. The recommended best practices for public process in the [Development Cost Charges Best Practice Guide](#) can be used as guidance to provide a meaningful public process for developing an ACC bylaw.

Adopting the Bylaw

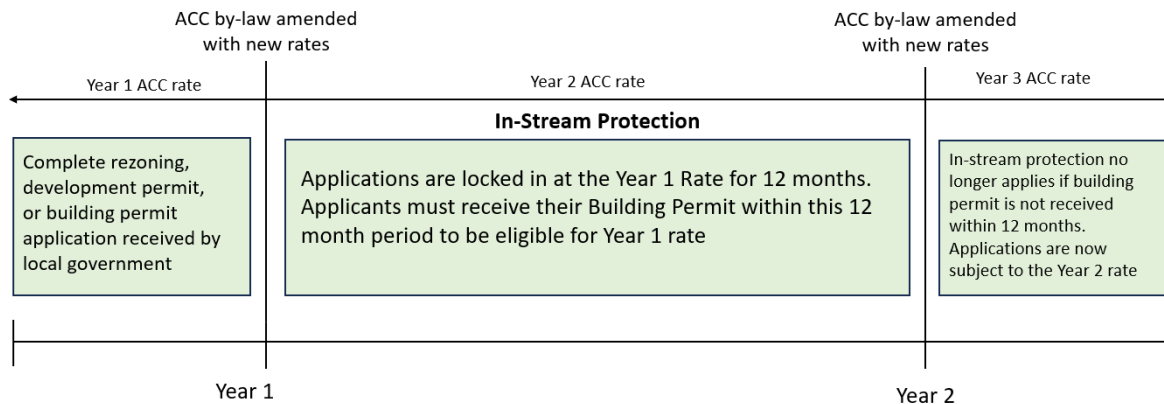
The ACC bylaw must be considered by a local government’s council or board in an open meeting and the bylaw comes into effect once adopted.

Collecting and Reporting ACCs

Imposing and Collecting Charges

Once an ACC bylaw is in effect, all applicants for developments in areas where ACCs are imposed (except for developments upon which local governments cannot impose ACCs or has waived them) must pay the applicable ACC as set out in the ACC bylaw upon subdivision approval or issuance of the building permit. The [Development Cost Charge and Amenity Cost Charge \(Instalments\)](#) regulation provides developers with the option to pay ACCs in instalments beyond the building permit stage. The regulation outlines specific details of the timing of ACC payments by a developer based on three equal instalments on the same schedule that is included for how developers may pay DCCs in instalments.

Section 570.91 of the LGA and section 523N of the *Vancouver Charter* include rules to protect development applications that are in progress (e.g., “in-stream”) from being subject to a new or updated charge. When a local government passes their first ACC bylaw, charges cannot apply to a development if the local government has received a complete application for a building permit, a development permit, or an amendment to a zoning bylaw before the date the ACC bylaw was adopted. When a local government amends their ACC bylaw and changes the charge amounts, applicants that have submitted complete building permit, development permit, or zoning bylaw amendment applications are given a 12-month exemption from a new ACC rate, as long as they receive their building permit within that time period.



To enhance transparency and accountability, under section 570.8 in the LGA and section 523L of the *Vancouver Charter*, local governments are required to deposit ACCs in reserve funds established by bylaw for each area in which ACCs are imposed. ACCs collected must be deposited in reserve funds established for each area in which an ACC is imposed. ACC reserve funds, together with interest, can only be used to pay:

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

A council/board resolution must authorize the use of any funds in an ACC reserve.

In-kind Amenities

Under section 570.9 of the LGA and section 523M of the *Vancouver Charter*, the legislation also allows applicants to provide an amenity in-kind or land for an amenity in-lieu of paying the monetary ACC amount. In-kind contributions allow for situations where it may be more efficient, economical, and mutually beneficial to both a developer and a local government for an amenity to be provided as part of a particular development. For example, a developer and a local government may agree upon building a youth centre within the base of a new, large multi-residential development, rather than paying a monetary charge to be used by the local government at a later date to build a youth centre.

If an applicant is providing an amenity or land instead of paying a monetary ACC amount, a local government is required to enter into an agreement with the developer that outlines certain matters, including details about when the amenity will be provided, who will provide it, the value of the amenity, and any payment or credit to the developer if the value of amenity or land exceeds what the monetary charge would have been otherwise.

Reporting Requirements

Under section 570.92 of the LGA and section 5230 of the *Vancouver Charter*, local governments are required to prepare and consider a report regarding the collection and use of ACC funds each year. The LGA further requires that these reports must be prepared and considered before June 30.

A report must include the following:

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

These reports must be made available to the public.

Monitoring and Updating an ACC Program

Local governments can update their ACC bylaw as needed. For greater efficiency and alignment with land use and financial planning cycles, local governments may consider reviewing and updating ACC bylaws in line with new and updated financial plans, OCPs, HNRs, and zoning bylaws.

Local governments may consider regularly monitoring land economic conditions within the community to ensure charges are not too onerous on development and make adjustments to charges accordingly. Along with regular monitoring and reviews of the ACC bylaw, local governments are recommended to regularly review charges and adjust them as needed to keep up with the changing costs of amenities, the introduction of new amenities or the removal of completed amenities when the predicted amount of charges for them has been collected. Regular reviews and updates can prevent against sudden, significant increases in charges, which can negatively affect development viability.

Local governments will need to follow the same legislated process and considerations, including consultation requirements, for any amendment to the ACC bylaw.

Regulations

The legislation includes various regulation-making authorities for the Province to prescribe additional requirements or address any issues that may arise as local governments begin to impose ACCs.

Regulation-making authorities include:

- defining what cannot be considered an “amenity”;
- authorizing payment of ACCs in instalments;
- setting specific requirements for consultation on the ACC bylaw (e.g., notice and process requirements, who must be consulted, when consultation is not required);
- exempting classes of affordable housing from paying ACCs;

- establishing criteria for what constitutes an eligible development for a waiver or reduction of ACCs;
- prescribing other bases by which local governments can vary charges;
- prescribing additional information that local governments must consider when developing their amenity cost charge bylaws;
- adjusting or limiting charges and setting specific requirements for how local governments set their charges (e.g., establishing a methodology for how local governments allocate benefit of amenities to existing population, which they are required to deduct from charges; requiring that the methodology be applied by an individual with a specific professional designation; setting a minimum assist factor);
- prescribing that additional information is required to be included in agreements between developers and local governments when an in-kind amenity is provided in-lieu of a monetary charge;
- prescribing a period longer than 12 months for in-stream rate protection of precursor development applications (e.g., building permits, development permits, and zoning bylaw amendments); and,
- prescribing that additional information is required in the annual ACC report.

Key Differences between DCCs and ACCs

For reference, key differences between the DCC and ACC tools include:

Development Cost Charges (DCCs)	Amenity Cost Charges (ACCs)
Existing tool: Introduced in the 1970s	New tool: Introduced in 2023
What funds can be used for: Specified types of infrastructure that service a new development: sewer, water, drainage, roads, parkland and park improvements, fire protection facilities (new), police facilities (new), and solid waste and recycling facilities (new)	What funds can be used for: Amenities that provide social, cultural, heritage, recreational, or environmental <u>benefits</u> to a community (e.g., community centre, library, daycare)
Consultation: No legislated requirement to consult; expectations for consultation are set out by policy. The Inspector of Municipalities looks at evidence of consultation when considering approval of DCC bylaws.	Consultation: Legislation requires local governments to consult with the public and affected persons, public authorities, and organizations during the development of the bylaw
When charges cannot be imposed: <ul style="list-style-type: none"> • If a development does not pose capital costs burdens • If a DCC had been previously paid by a development unless there is further development • If a development contains fewer than 4 units (unless authorized by LG bylaw) 	When charges cannot be imposed: <ul style="list-style-type: none"> • If a development does not result in an increase in population of residents or workers • If an ACC had been previously paid by a development for a particular amenity unless there is further development • For costs that can be funded through DCCs

Development Cost Charges (DCCs)	Amenity Cost Charges (ACCs)
<ul style="list-style-type: none"> If a unit is smaller than 29 square metres If a value of work is less than \$50,000 (unless a greater amount is established by LG bylaw) 	<ul style="list-style-type: none"> On types of affordable housing prescribed by regulation
<p>Waivers or reductions: LG may waive or reduce a DCC for the following eligible development:</p> <ul style="list-style-type: none"> Not-for profit rental housing, including supportive living housing For-profit affordable rental housing A submission of small lots that is designed to result in low greenhouse gas emissions A development that is designed to result in a low environmental impact 	<p>Waivers or reductions: LG may waive or reduce an ACC for the following eligible development:</p> <ul style="list-style-type: none"> Not-for-profit rental housing, including supportive living housing For-profit affordable rental housing Housing that is subject to requirements under an affordable and special needs housing zoning bylaw
<p>Bylaw content: Amount of charges must be specified in a schedule or schedules of DCCs</p>	<p>Bylaw content: Area(s), amenities, and amount of charges set per lot/unit or per square metre of floor space in a development must be set out in bylaw</p>
<p>Consideration requirements:</p> <ul style="list-style-type: none"> Future land use patterns and development Phasing of works and services Provision of park land described in an OCP How development designed to result in a low environmental impact may affect capital costs Whether the charges are excessive in relation to the capital cost of prevailing standards of service in the municipality or regional district Whether the charges will, in the municipality or regional district, <ul style="list-style-type: none"> deter development, discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land, or discourage development designed to result in a low environmental impact 	<p>Consideration requirements:</p> <ul style="list-style-type: none"> Applicable Official Community Plan(s) Expected increases in population of residents and workers Financial Plan The capital costs of amenities, with deductions made for: <ul style="list-style-type: none"> The portion of costs to be funded through grants The portion of costs allocated to the existing population, and therefore funded by them (i.e., through property taxes) The portion of costs to be funded by the local government as assistance (i.e., the assist factor)
<p>Approval by Inspector of Municipalities: Required</p>	<p>Approval by Inspector of Municipalities: Not required. In place of inspector approval, legislation includes other measures, including:</p> <ul style="list-style-type: none"> Consultation requirement Regulation-making authorities that allow the Province to prescribe additional requirements and/or limitations on the use of ACCs (e.g., limit charges, require a

Development Cost Charges (DCCs)	Amenity Cost Charges (ACCs)
	minimum assist factor, exempt affordable housing from paying ACCs) <ul style="list-style-type: none"> Inspector can request any information from local governments respecting their ACCs
<i>In-stream protection:</i> protection from new DCC charges if building permit is issued within 12 months of initial DCC bylaw or amending DCC bylaw subject to a precursor application being submitted	<i>In-stream protection:</i> protection from new charges for building permits issued after initial adoption of an ACC bylaw and protection for 12 months after amending ACC bylaw subject to a precursor application being submitted
<i>Rules against “double-charging”:</i> <ul style="list-style-type: none"> Development cannot be charged a DCC if previously paid on same development unless there is further development 	<i>Rules against “double-charging”:</i> <ul style="list-style-type: none"> Development cannot be charged an ACC twice for a particular amenity unless it results in an increase in population of residents or workers ACCs cannot be used to help fund infrastructure for which DCCs can be used Capital costs of any amenity funded by an ACC must be recovered only once (i.e., local governments cannot use density bonusing to collect for an amenity for which an ACC is being collected)

Monitoring

The Province will monitor the adoption and use of the new development finance tools to ensure that the tools are being used as intended, to inform the need for and use of any regulation-making authority, and/or development of additional guidance or information materials.

More Information

Comprehensive guidance on the new development finance tools will be published in late 2024.

Please direct technical questions about Development Cost Charges (DCCs) or Amenity Cost Charges (ACCs) to:

Ministry of Municipal Affairs, Local Government Infrastructure and Finance Branch
 Telephone: 250 387-4060
 Email: LGIF@gov.bc.ca

Questions about local government housing initiatives can be sent to:

Ministry of Housing, Planning and Land Use Management Branch
 Telephone: 250-387-3394
 Email: PLUM@gov.bc.ca

Full text of Bill 46: <https://www.bclaws.gov.bc.ca/civix/document/id/bills/billscurrent/4th42nd:gov46-1>

More information about local government housing initiatives:

<https://www2.gov.bc.ca/gov/content/housing-tenancy/local-governments-and-housing/housing-initiatives>