



COUNCIL MEETING

To: Mayor and Council

Date: May 27, 2025

From: Ron Bowles, CAO

File No: P 25-01

Subject: **Amenity Cost Charges Bylaw – Program Overview**

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SUMMARY

The purpose of this report is to provide Council with a summary of the new Amenity Cost Charge (ACC) development finance tool. This report is intended to guide further discussion and direction to staff with respect to next steps in the development of an ACC Bylaw.

RECOMMENDATION:

THAT Council direct staff to proceed with the development of a draft amenity cost charge program;

AND THAT staff schedule additional discussions with Council relative to the scope and intent of the amenity cost charge program.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

Pursue Economic Growth and Prosperity – We will work with stakeholders throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.

Strengthen Our Community – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

BACKGROUND

In the fall of 2023, *Bill 46: Housing Statutes (Development Finance) Amendment Act* introduced changes to Section 19 of the *Local Government Act* to include a new financing tool called Amenity Cost Charges (ACC). This legislation also expanded the allowable Development Cost Charges (DCC) categories to include fire protection, police, and solid waste and recycling facilities.

As local governments are required to shift to more proactive planning and zoning through Bills 44 and 47, the ACC tool provides local governments with a new development finance tool to help fund amenities to support increased housing supply and employment growth.

ACC PROGRAM OVERVIEW

Introducing ACCs allows local governments to collect funds for amenities, such as community or senior's centres, recreation centres, daycares, and libraries from new development that results in increased population and workers. ACCs are designed to assist local governments finance the costs of amenities that provide social, cultural, heritage, recreational, or environmental benefits to the community.

Similar to DCCs, the intent of ACC programs is recovering the cost of new amenities related to growth, by assigning a portion of those costs to new development. This ensures that new development pays a prorated portion of the cost of, for example, expanded recreation facilities. Acknowledging that existing infrastructure and facilities will also be upgraded or renewed to serve the existing population and development in the community, ACC programs are required to demonstrate how the apportioning of cost has been established.

Eligible Amenity Projects

In March 2025, the Provincial Government released the [Amenity Cost Charges Best Practices Guide](#) (Guide) to support the implementation of ACC Bylaws. As outlined in the Guide, examples of amenities that could have capital costs funded by an ACC program include, but are not limited to:

- community, youth or seniors' centre;
- recreation or athletic facility;
- daycare facility; and,
- public square.

ACC's cannot be utilized to fund:

- affordable housing projects;
- operation and maintenance costs;
- asset replacement or existing deficiencies; and,
- projects otherwise eligible for DCC's.

Relationship to Density Bonusing

The legislation includes rules to prevent “double-charging” for amenities. If an amenity project is included in the City’s ACC bylaw, the City cannot use density bonusing to secure that same amenity. For example, if the City has a density bonus program to raise funds for a senior’s centre then the City would not collect an ACC for the same facility. However, the City may have a density bonus program to collect funds for seniors housing and an ACC for a senior’s centre. As currently proposed under Zoning Bylaw No. 0320 (Section 3.29), funds collected under the density bonus program will contribute to priority housing types to meet the City’s housing objectives as established in the Housing Strategy.

Municipal Assist Factor

The Municipal Assist Factor is set at the discretion of Council and reflects the contribution the City is making towards growth-related costs. The ratio can be set anywhere between 1-99% but is typically set at 1%. If Council is of the opinion that ACC rates are too high, or that existing residents should contribute more towards the costs of growth, then Council may set a higher Municipal Assist Factor. Increases to the assist factor would decrease the developer responsibility for ACCs and increase the municipal responsibility. It is anticipated the municipal portion of these costs would then be recouped through municipal property taxes.

The Municipal Assist Factor should be a reflection of the community’s support towards the financing of infrastructure required to serve new development. Most municipalities apply an assist factor of 1% because the development of the programs includes focusing on only the portion of project costs that are directly attributable to new development. This is a result of municipalities typically having limited resources to finance growth related infrastructure and amenities.

Technical Inputs:

Like DCCs, ACC rates are based on City-wide growth estimates, identification of eligible projects and costs, allocation of costs between new development and existing residents, and distribution of costs across the various land uses based on the impact on infrastructure. Until the Province releases additional guidelines, these technical inputs must be in alignment with the DCC Best Practices Guide.

Fairness and equitable distribution of capital costs among those parties receiving a benefit is a guiding principle of DCCs and suggests that certain ACC/DCC projects may benefit the existing population as well as new development. For example, existing users may receive some benefit from the construction of a new community centre, if the facilities are upgraded in response to the need for replacement or pent-up demand, 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.

Exemptions:

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

Land Use Economics Assessment:

When establishing ACC rates, the City must consider whether the charges would deter development or discourage the price of reasonably priced housing. The City is required to undertake analysis to understand the impacts of charges on development viability. The City is encouraged to undertake financial feasibility analysis to understand the impacts of charges on development viability. The extent of this analysis will vary based on factors such as whether amenity charges are being introduced for the first time, the magnitude of the proposed charges, and the local housing market and land supply conditions. In some cases, a high-level qualitative assessment of market conditions may suffice.

The City recently retained Urban Systems to complete proforma analysis on several residential development case studies to inform the establishment of a density bonus program. This previously completed analysis can be leveraged to reduce the associated costs of the analysis required to inform the ACC rates.

Consultation Requirements

Section 570 of the LGA further sets out requirements for consultation regarding proposed ACC's, including that a municipality must provide one or more opportunities for consultation with public, public authorities, and organizations who will be affected by a proposed ACC bylaw. Consultation is required during the development of the bylaw to provide the public and affected parties with the opportunity to provide feedback for staff to consider and incorporate any feedback before the bylaw is considered by Council.

Implementing ACC

To impose ACCs, the City must pass a bylaw that identifies the area or areas in which the charges apply, amenity projects for which a charge will be imposed and, the amount of the charges. The bylaw would summarize the charges for the applicable land uses. Unlike DCCs, the bylaw does not require approval from the Inspector of Municipalities. The use of ACC funds are restricted, and must be deposited into a reserve fund. Established by bylaw, the reserve fund is limited to only funding the growth-related costs of specified amenities identified in the program. A Council resolution must authorize the use of any funds in an ACC reserve.

Like DCCs, there is in-stream protection for complete development applications 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.

Over the long term, the City will need to consider timing of ACC program updates with other proactive planning requirements such as updates to the Housing Needs Report and Official Community Plan as well as alignment with DCC program updates.

FINANCIAL IMPLICATIONS

During the annual budget review process, Council supported the 2025 Capital Budget Request for \$50,000 to complete the ACC Bylaw Review. This project is funded through the Provincial Capacity Funding grant for Local Government Housing Initiatives. Capacity Funding must be utilized by the end of 2025.

Urban Systems has provided a draft scope of work required to develop an ACC program, consult with the development community, and draft the associated bylaw which is estimated at approximately \$46,000.00 (plus GST).

CONCLUSION

ACCs on new development would provide funding to construct eligible growth-related amenities that benefit West Kelowna residents. Implementation of the program as soon as possible will support new growth, ensuring development funds their share of amenities to serve growth, which will mitigate costs to existing taxpayers.

NEXT STEPS

Should Council direct staff to proceed with the development of an ACC Bylaw, the project scope will be further refined to outline potential projects, and the timeline and next steps will reflect the associated grant funding deadline.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
December 18, 2025	THAT Council support the 2025 Capital Budget Request for Development Services as follows: - C2025-17 ACC Bylaw Development	C318/24

PowerPoint: Yes ☒ No ☐

Attachments:

[Amenity Cost Charge: Guide for Elected Officials](#)