



Staff Report to Council

Planning and Development

FILE: 01-0125-01/24

REPORT DATE: May 01, 2024 **MEETING DATE:** May 14, 2024

TO: Mayor and Council

FROM: Patrick Ward, Director of Planning and Development

SUBJECT: Amenity Cost Charges

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:

RECOMMENDATION(S):

THAT Council:

- A. Consider the consultation as outlined in the “Amenity Cost Charges” Staff Report, presented at the May 14, 2024 Public Council Meeting, to be appropriate pursuant to Section 570.3 of the *Local Government Act*; OR
 - B. Other.
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PURPOSE

The purpose of this report is to provide information regarding proposed Amenity Cost Charges (ACCs), and outline recommended consultation in order to meet the requirements of the *Local Government Act* (LGA).

- Information Report Decision Report Direction Report

DISCUSSION

Background:

ACCs are a new development finance tool for local governments that were introduced in late 2023 as part of *Bill 46 – 2023: Housing Statues (Development Financing) Amendment Act*. ACCs allow local governments to collect funds for amenities, such as community centres and

recreation facilities, from new development that results in increased demand for services. Local governments can collect ACCs prior to subdivision approval or the issuance of a building permit from any new development that results in an increase in the population of residents or workers (e.g., if a development adds new residential units or new workplaces to the community). In light of other recent legislative changes that require the City to allow more housing units as-of-right (i.e., not requiring a rezoning), ACCs would help to replace amenity contributions currently obtained by Council Policy C091: Residential Community Amenity Contributions, through which amenities are secured by the discretionary rezoning process.

ACCs can be used to fund the capital costs of constructing new amenities or altering or expanding existing amenities. An “amenity” is broadly defined in the LGA as a facility or feature that provides social, cultural, heritage, recreational, or environmental benefits to a community.

The LGA establishes 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
- Developments that do not result in an increase in population of residents or workers
- Developments that have already been charged for a particular amenity, unless further development results in an increase in population of residents or workers
- Developments that fall under a class of affordable housing prescribed by a regulation

ACCs cannot be used to pay for the capital costs of infrastructure for which a Development Cost Charge (DCC) can be imposed. Under the LGA, DCCs can be used to fund sewer, water, drainage, roads, parkland, and park improvements. Through Bill 46, DCCs can now also be used to fund fire protection facilities, police facilities, and solid waste and recycling facilities. Like DCCs, ACCs must be imposed by bylaw, but ACC bylaws do not require approval from the Inspector of Municipalities.

An ACC bylaw must specify:

- The areas in which development is subject to an ACC
- For each area, the amenities that will receive funding from an ACC
- The amount of the charge

Once an ACC bylaw is in effect, all applicants for developments in areas where ACCs are imposed must pay the applicable ACC upon subdivision approval or issuance of the building permit. Local governments must deposit ACCs in a reserve fund established by bylaw, and prepare and consider a report regarding the collection and use of ACCs each year.

Relevant Policy, Bylaw or Legislation:

Division 19.1 of the LGA authorizes local governments to impose ACCs and outlines the legislative requirements when developing an ACC program and bylaw.

Analysis:

Based on amenities identified in Council Policy C091: Residential Community Amenity Contributions; the Parks, Recreation and Culture Master Plan; and the Official Community Plan, as well as the regulations under the LGA, the following amenities have been identified for the initial ACC program:

- Recreation and culture facilities
- Public art
- Heritage conservation
- Environmental conservation

Table 1 identifies estimated capital costs associated with the amenities for the proposed 20-year timeframe of the ACC program. The capital costs identified in Table 1 may be considered high-level estimates, and were established with a view of ensuring that the ultimate ACC amounts will not deter development, in keeping with the requirements of the LGA.

In setting an ACC, the LGA requires the following items be deducted from the estimated capital cost of each amenity:

- The portion funded by grants or other sources
- The portion allocated to the existing population of the area
- The portion allocated to new development but funded by the local government

As indicated in Table 1, it is recommended that 100% of the estimated capital cost of recreation and culture facilities be allocated to new development, and that 25% of the estimated capital cost of public art, heritage conservation, and environmental conservation be allocated to new development. It is noted that 25% is approximate to the population increase projected over the next 20 years, meaning 75% of the estimated capital cost of public art, heritage, and environmental conservation is allocated to the existing population, and may be funded by grants or other sources.

The proposed ACC program also includes a 1% municipal assist factor, consistent with the City's DCC program, as, like DCCs, the LGA indicates that ACCs are intended to "assist" the local government with the capital costs of amenities. The last column of Table 1 identifies the estimated capital costs of amenities proposed to be funded through the ACC program.

Table 1: ACC Program Estimated Capital Cost of Amenities and Allocation to New Development

Amenity	Estimated Capital Cost	Portion Allocated to New Development		1% Municipal Assist	ACC Estimated Capital Cost
		%	\$		
Recreation and culture facilities	\$10,000,000	100%	\$10,000,000	\$100,000	\$9,900,000
Public art	\$360,000	25%	\$90,000	\$900	\$89,100
Heritage conservation	\$800,000	25%	\$200,000	\$2,000	\$198,000
Environmental conservation	\$2,400,000	25%	\$600,000	\$6,000	\$594,000
Total	\$13,560,000		\$10,890,000	\$108,900	\$10,781,100

The proposed ACC program is based on the 20-year residential growth projections being utilized for the in-progress DCC update (see Table 2), except that the proposed ACC program includes secondary suites and garden suites, given that population growth in all types of development contributes to increased demand for community amenities. Consistent with the “Development Cost Charges – Program and Rates Update” report received by Council at the March 12, 2024 meeting, it is noted that this initial ACC program, including the growth projections, may need to be updated within the next several years, depending on the impact of other recent legislative changes that may facilitate increased housing development in the City.

Table 2: Estimated 20-year Growth Projections

Type of Development	Units
Single-Family Dwelling	124
Duplex or Townhouse	495
Apartment	1,148
Secondary Suite or Garden Suite	186
Total	1,953

Although the LGA allows ACCs to be collected on new commercial and industrial developments that result in an increase in workers, commercial, and industrial development is not contemplated for the ACC program at this time, given that the focus of the City’s existing amenity contribution program (i.e., Council Policy C091: Residential Community Amenity

Contributions) is residential development. Commercial and industrial developments may be considered as part of a future update to the ACC program, while noting that amenities may still be secured from new commercial and industrial developments that require a rezoning, through Council’s discretionary decision-making process.

Based on the estimated capital costs to be funded by the ACC (Table 1) and the estimated growth projections (Table 2), the proposed ACC for different types of development are indicated in Table 3. The ACC for the different types of development is proportionate to the average number of persons per household, based primarily on Census data. For comparison purposes, Table 3 includes the City’s current Community Amenity Contribution (CAC) rates (per Council Policy C091: Residential Community Amenity Contributions), and current CAC rates in neighbouring Maple Ridge and Langley Township. As shown, the proposed ACCs are higher than current CACs, and lower than neighbouring municipalities. As all growth in the City contributes to demand for new amenities, it is recommended that the ACC apply to the entire City.

Table 3: Proposed ACC Rates

Type of Development	Proposed ACC	Current CAC	Maple Ridge CAC	Langley TWP CAC
Single-Family Dwelling	\$8,100	\$5,200	\$9,200	\$16,900
Duplex or Townhouse	\$7,000	\$4,600	\$7,400	\$14,400
Apartment	\$5,000	\$3,500	\$5,600	\$11,000
Secondary Suite or Garden Suite	\$3,400	n/a	n/a	n/a

Though the CACs in Maple Ridge and Langley Township are useful benchmarks in considering the proposed ACC amounts, development conditions vary within different municipalities, meaning different charges are likely to have different impacts on the viability of new development. Further analysis could be undertaken in the future to update the ACC rates, in consideration of the potential impact of the charges on the viability of new development.

LGA Considerations

The LGA includes specific considerations the City must take when developing an ACC program and bylaw. The items that must be considered are outlined below, along with an analysis of each consideration.

In specifying the areas subject to an amenity cost charge, and the amenities in each of those areas that will receive funding from the charge, the City must consider:

- An applicable official community plan and other relevant planning documents
 - Analysis: Policies in the City’s Official Community Plan will direct the vast majority of new growth to the urban area. At the same time, as all growth in the City

contributes to demand for new amenities, it is recommended that the ACC apply to the entire City. The amenities that will receive funding are consistent with amenities identified in Council Policy C091: Residential Community Amenity Contributions; the Parks, Recreation and Culture Master Plan; and the Official Community Plan.

- The expected increases in the population of residents and workers
 - Analysis: The proposed ACC program is based on 20-year residential growth projections (see Table 2 in this report). With regards to the expected increases in the population of workers, commercial and industrial developments may be considered as part of a future update to the ACC program.
- The City's financial plan
 - Analysis: The proposed ACC program includes estimated capital costs allocated to the existing population and a municipal assist factor, which may be funded by potential grants or other sources, as determined through more detailed financial planning in the future.

In setting amenity cost charges, the City must consider:

- The capital costs of amenities that will receive funding from the charge
 - Analysis: The estimated capital costs of amenities that will received ACC funding are outlined in Table 1 in this report. These estimated costs, particularly those allocated to new development, have, along with the 20-year residential growth projections, informed the ACC rates in Table 3.
- The phasing of amenities
 - Analysis: The ACC program is based on a 20-year time horizon. It is noted that ACCs can be used to fund the capital costs of altering or expanding existing amenities, in addition to constructing new amenities.
- Whether the charges are excessive in relation to the capital cost of prevailing standards of service in the municipality
 - Analysis: The intent of the ACC program is to ensure existing standards of service in the City are maintained with new growth. The estimated capital costs of the amenities within the proposed ACC program are not such that they would introduce significant increases in the standards of service.
- Whether the charges will deter development, or discourage the construction of reasonably priced housing or the provision of reasonably priced serviced land
 - Analysis: The proposed ACCs (Table 3) represent an approximate 50% increase compared to the target contributions in Council Policy C091: Residential Community

Amenity Contributions. However, the proposed ACCs are lower than existing CAC rates in neighbouring municipalities that continue to experience population growth through new development. As noted above, further analysis could be undertaken in the future to update the ACC rates, in consideration of the potential impact of the charges on the viability of new development.

Consultation

In accordance with Section 570.3 of the LGA, during the development of an ACC bylaw, the City must provide one or more opportunities it considers appropriate for consultation with the public, and persons, public authorities and organizations that the City considers will be affected by the bylaw. The Province has required that the City update its Zoning Bylaw to allow small-scale multi-unit housing (SSMUH) as-of-right by June 30, 2024. As such, to ensure any new developments that proceed after the SSMUH bylaw updates provide amenity contributions, the ACC bylaw needs to be adopted prior to, or in conjunction with, the Zoning Bylaw amendment. Given this timeline, coupled with the overall consistency of the proposed ACC with the City's existing CAC policy and CAC rates in neighbouring municipalities, it is recommended that this report, a newspaper notice, and a posting on the City website, along with an opportunity for feedback until May 26, 2024, be considered appropriate consultation for the development of the City's initial ACC bylaw.

Implementation Considerations

In accordance with the LGA, an initial ACC bylaw does not apply to an in-stream development or building application. As such, it is recommended that current Council Policy C091: Residential Community Amenity Contributions be retained, at least for the time-being, for any in-stream rezoning applications, and updated in conjunction with the proposed ACC bylaw to reflect the proposed ACC rates in Table 3. Any new residential development or building permit applications submitted after the adoption of the ACC bylaw would be subject to the bylaw.

Once an ACC program and bylaw are in place, a local government must prepare and consider an annual report, before June 30, respecting the previous year. The report must include, among other items, the amount of amenity cost charges received; the expenditures from the amenity cost charge reserve funds; and the balance in the amenity cost charge reserve funds at the start and end of the applicable year. The annual report must be available to the public from the time Council considers the report until June 30 in the following year.

Next Steps

As described above, and subject to Council's direction, there will be an opportunity for the public and any interested and affected organizations to provide feedback on the proposed ACC program until May 26, 2024. The intent is to bring forward, for Council's consideration, the

following items in June 2024 to establish the ACC program in conjunction with the SSMUH Zoning Bylaw amendments:

- An ACC Bylaw
- An ACC Reserve Fund Bylaw
- Updates to Council Policy C091: Residential Community Amenity Contributions

The proposed ACC program should be considered an initial program that can be monitored and updated over time. In light of the SSMUH Zoning Bylaw amendments required by the Province, an ACC program and bylaw are necessary to ensure that new developments continue to contribute towards community amenities, given that many infill developments will no longer require rezoning and, thus, would not be subject to the City’s existing CAC policy.

COUNCIL STRATEGIC PLAN ALIGNMENT

- Principled Governance Balanced Economic Prosperity Infrastructure
 Community Spirit & Wellbeing Corporate Pride Public Safety
 Not Applicable

Fiscal Stewardship and Accountability: Strive to maintain an informed balance between taxation levels and the delivery of quality services.

Natural Environment: Conserve and enhance our natural assets for the benefit of current and future generations.

Recreation: Provide facilities and affordable programs and services that empower residents to access and participate in leisure activities for enjoyment and overall wellness.

Facilities: Maintain and plan for long-term replacement of City facilities and equipment.

WORKPLAN IMPLICATIONS

- Already accounted for in department workplan / no adjustments required
 Emergent issue / will require deferral of other priority(ies)
 Other

Although “housing initiatives,” including zoning bylaw and housing needs report updates, related to the provincial legislative changes are contemplated in the Planning and Development Department’s 2024 Business Plan, the ACC program was not specifically contemplated, and therefore required some reallocation of staff resources. This may result in some 2024 initiatives being deferred to future years.

FINANCIAL IMPLICATIONS

- None Budget Previously Approved Referral to Business Planning
 Other

Currently, CACs are secured from new developments through Council Policy C091: Residential Community Amenity Contributions (i.e., the discretionary rezoning process). In light of recent legislative changes that require the City to allow more housing units as-of-right (i.e., not requiring a rezoning), the proposed ACC program will help to replace amenity contributions currently obtained through Council Policy C091, as an ACC may be imposed prior to subdivision or building permit approval.

PUBLIC PARTICIPATION

- Inform Consult Involve Collaborate Empower

In accordance with Section 570.3 of the LGA, during the development of an ACC bylaw, the City must provide one or more opportunities it considers appropriate for consultation with the public, and persons, public authorities and organizations that the City considers will be affected by the bylaw. For the reasons described above, it is recommended that this report, a newspaper notice, and a posting on the City website, along with an opportunity for feedback until May 26, 2024, be considered appropriate consultation for the development of the City's initial ACC bylaw.

KATZIE FIRST NATION CONSIDERATIONS

- Referral Yes No Other
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SIGN-OFFS

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ATTACHMENTS

None.
