

DATE OF MEETING November 25, 2024

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SUBJECT DEVELOPMENT COST CHARGE AND AMENITY COST CHARGE PROGRAM

OVERVIEW

Purpose of Report

To introduce the Development Cost Charge (DCC) and Amenity Cost Charge (ACC) programs, and to seek endorsement for the facility projects to include in the ACC program. |

Recommendation

That the Governance and Priorities Committee recommend that Council direct Staff to proceed with the development of an Amenity Cost Charge (ACC) program that includes the following facilities:

- a) Improvements and expansions as outlined in the Beban Park Master Plan;
- b) Improvements and expansions in the Stadium District; and,
- c) A community recreation facility in the Southgate Urban Centre.

BACKGROUND

Development Cost Charge Program

Development Cost Charges (DCCs) are a provincially regulated development finance tool that helps a municipality recover the costs of off-site infrastructure needed for growth. DCCs are based on the principle of sharing the costs of infrastructure between existing taxpayers and new developments. *Integrated Action Plan* Priority Action #203 directs Staff to: “Review and update the City of Nanaimo Development Cost Charge Bylaw 2017 No. 7252”. A consultant has been retained to support the City of Nanaimo with the development of an updated DCC program.

Amenity Cost Charge Program

Amenity Cost Charges (ACCs) help a municipality recover the costs of amenities that provide social, cultural, heritage, recreational, or environmental benefits to a community. ACCs closely resemble DCCs because they are based on the principle of cost-sharing charges for one-time capital costs for amenity projects. The amenity projects must benefit current and future users and be driven by growth. ACCs are regulated by the Province (similar to DCCs). At the 2024-APR-08 meeting, Council endorsed a motion regarding the allocation of Provincial Capacity Funds, which included direction to retain a consultant to prepare an Amenity Cost Charge program. Staff have retained a consultant to support this project. The development of the ACC program will proceed concurrently with the development of the DCC program, and public communication and engagement will occur for both programs in 2025. |

DISCUSSION

Amenity Cost Charge Program

In the fall of 2023, Provincial Bill 46 introduced the opportunity for local governments to create an 'Amenity Cost Charge' ACC Bylaw. This is different from the current practice to negotiate for an amenity at the time of a rezoning application. An ACC bylaw will allow the City to impose charges at the time of subdivision or building permit, to assist in paying for the capital costs of eligible community amenities. The ACC bylaw must specify the amenities that will receive funding, and the charge or rate that is imposed (per lot, per unit, or per square metre of floor area), similar to a DCC bylaw. A separate ACC Reserve Fund is established for the ACC funds, and rules apply as to how the reserve fund can be used with annual reporting requirements. In March 2024, the Province provided "Interim Guidance" for the development of ACC Bylaws, and Staff have been working with a consultant to prepare a new ACC Bylaw.

To proceed with the development of the ACC program it is necessary to determine what facilities or amenities are eligible to be supported with ACC funds. The proposed facility or amenity must have the potential to benefit all current and future residents of Nanaimo. For this reason, Staff are recommending that the following three facilities be supported with ACC funds:

- a) Improvements and expansions as outlined in the Beban Park Master Plan;
- b) Improvements and expansions in the Stadium District; and,
- c) A community wellness facility in the Southgate Urban Centre.

The inclusion of amenity projects in the ACC program does not obligate the City to construct all facilities. At the time ACC funds are eligible to be spent, the City can choose from the three facilities listed above. Note that Staff will be reviewing the City's Community Amenity Contribution (CAC) Policy as part of the ACC program development, as amendments to the CAC Policy will likely be recommended for Council consideration to ensure the CAC policy aligns well with a potential new ACC bylaw.

Next Steps

The next steps in the development of the DCC and ACC programs are as follows:

- The DCC and ACC program timeframe (typically between 10-25 years) will be considered: The projects identified in the DCC and ACC programs should reflect infrastructure and amenities needed to meet the needs of growth within the specified timeframes.
- DCC and ACC project costs: DCC and ACC programs are comprised of multiple projects with capital cost estimates. Each project is assessed to evaluate the benefit to new growth versus existing development, and only those costs allocated to growth are included in the rate calculation.
- Equivalency Factor: The equivalency factor ensures fairness so that developments with a higher impact on infrastructure pay more than those with a lower impact.
- Assist Factor: Legislation requires local governments to assist with the cost of DCC and ACC projects. Council will have the opportunity to consider and determine the assist factor.

- Communication and Engagement: DCC and ACC programs require community engagement and transparency as part of the approval process. A communication strategy will be implemented jointly for the DCC and ACC programs in 2025.

The DCC and ACC programs are designed to be a fair and transparent cost for the development community. While the DCC and ACC programs are essential to assisting with the City's growth-related costs, it is not a solution for all infrastructure and amenity costs, and a combination of funding tools will be required to maintain City services as the population grows.]

OPTIONS

1. [That the Governance and Priorities Committee recommend that Council direct Staff to proceed with the development of an Amenity Cost Charge (ACC) program that includes the following facilities:
 - a) Improvements and expansions as outlined in the Beban Park Master Plan;
 - b) Improvements and expansions in the Stadium District; and,
 - c) A community recreation facility in the Southgate Urban Centre.
 - The advantages of this option: Once an ACC Bylaw is adopted, the City will have the ability to collect funds to contribute to the costs of the three, above-listed facilities.
 - The disadvantages of this option: If adopted the DCC and ACC programs combined will be an increased cost for the development community.
 - Financial Implications: DCCs and ACCs assist the City with funding for necessary infrastructure and amenities to serve Nanaimo residents and to support growth.
2. That Council provide alternate direction to Staff.]

SUMMARY POINTS

- Staff are in the process of working with a consultant to update the DCC program and to create an ACC program.
- The DCC update and ACC program will proceed concurrently, and will include a public communication and engagement process in 2025.
- Staff are recommending that an Amenity Cost Charge (ACC) program be developed with ACC funds being directed to improvements and expansions as outlined in the Beban Park Master Plan; improvements and expansions in the Stadium District; and, a community wellness facility in the Southgate Urban Centre.

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