

**HOUSING
ADVISORY
BULLETINS**

SERIES 02

**THE COST OF AND FUNDING FOR
INFRASTRUCTURE AND AMENITIES**

**ISSUE 2.1 - LEGISLATIVE CHANGES TO
FUNDING INFRASTRUCTURE
AMENITIES**



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HOUSING ADVISORY BULLETINS

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ISSUE 2.1 - LEGISLATIVE CHANGES TO FUNDING INFRASTRUCTURE AMENITIES



1.0 INTRODUCTION

This bulletin is part of PIBC’s Peer Learning Network (PLN) Housing Advisory Bulletin Series 2, which intends to support planners—working in both the private and public sectors—in responding to housing-related legislation introduced by the Province of British Columbia in 2023. Collectively, the legislation is intended to help local governments deliver more housing, more quickly.

The PIBC Peer Learning Network (PLN) Housing Advisory Bulletins are designed to equip planning practitioners with practical insights into the financial and policy dimensions of housing delivery in British Columbia.

The bulletins are organized into three parts:

- **Series 01:** Fundamentals of Housing Development Economics
- **Series 02:** The Cost of and Funding for Infrastructure and Amenities
- **Series 03:** Inclusionary Zoning and Inclusionary Housing Policies

Together, these bulletins bridge the gap between theory and practice, supporting planners in aligning housing objectives with economic realities and legislative requirements.



1.1 Purpose of the Bulletin

This bulletin is the first in Series 2: The Cost of and Funding for Infrastructure and Amenities, and focuses on:

- + The practical implications of key provincial housing legislation for funding and financing community infrastructure and amenities.
- + An overview of the tools available to local governments to help fund the infrastructure needed to support growth.

Central among these tools are development cost charges (DCCs) and amenity cost charges (ACCs).

Additional information on the legislative framework and best practices associated with these tools is available in the Development Cost Charge Best Practices Guide and the Amenity Cost Charge Best Practices Guide published by the Ministry of Housing and Municipal Affairs.



2.0 FUNDING AND FINANCING COMMUNITY INFRASTRUCTURE AND AMENITIES

As communities grow, the demand for capital infrastructure—such as facilities, land, vehicles, and equipment required to deliver local government services—generally increases. The scale of the capital investment required is influenced by a wide range of factors. Chief among these are the amount, type, and location of development, which largely determine the character and amount of growth-related infrastructure needs.

Additional considerations include municipal service standards and desired levels of service, regulatory requirements of senior governments, topography and physical or human geography (such as river crossings, rail corridors, or airports), the timing and pace of development, the availability of existing infrastructure capacity, and municipal objectives related to equitable access to services, as set out in strategic or sustainability plans.

Once the capital requirements associated with growth have been identified, local governments must determine how this infrastructure will be provided and funded. This question—who should pay for growth—represents a central challenge for many rapidly growing communities across Canada. There is no single, simple, or entirely objective answer. Local circumstances vary widely, and funding decisions are often shaped by political priorities, legislative authority, and practical constraints such as debt limits. Nonetheless, several core principles can help guide the selection of appropriate and defensible approaches in British Columbia.

At the outset, three important matters warrant clarification.

First is the distinction between funding and financing growth:

- + **Funding** refers to who ultimately provides the resources—or, in the case of debt, who bears responsibility for repayment. In practical terms, funding typically comes from two broad sources: taxation (whether local or from senior governments); or payments made by users or consumers of the infrastructure.
- + **Financing** refers to the mechanisms used to raise or secure revenue for capital expenditures. In general, financing takes two forms: pay-as-you-go or borrowing (debt financing).

Second is that discussions about funding the initial capital costs associated with growth-related infrastructure do not address the ongoing operating and maintenance costs that arise once growth occurs, nor the long-term rehabilitation or replacement of assets. From a local government budgeting perspective, these “lifecycle” costs are often greater than the initial costs and are typically funded through taxation.

Third, a distinction is commonly made between growth-related infrastructure that is internal to subdivisions (“on-site”) and infrastructure that is external or “off-site,” including on-site infrastructure sized beyond local servicing requirements. This bulletin focuses primarily on the funding of off-site and oversized infrastructure. Developers, however, will continue to be directly responsible for funding and constructing on-site infrastructure such as local roads, sidewalks, street lighting, storm drainage, sanitary sewers, water mains, hydrants, grading, and park landscaping in most British Columbia communities.

2.1 Guiding Principles for Funding Infrastructure and Amenities

The table below provides an overview of well-established principles that guide local government best practices in British Columbia when addressing the funding of growth-related capital infrastructure.

Guiding Principle	Description
Benefiter Pays	<ul style="list-style-type: none"> + The “benefiter pays” principle means that those who benefit from services should pay for them, and it underlies local government finance for both private goods funded by user charges and public goods funded through general taxation. + The principle supports private-sector funding of on-site infrastructure, as these works deliver direct, local benefits to new development. + When applied to off-site and oversized infrastructure, the principle justifies DCCs and ACCs to fund expanded utilities, transportation, public safety, and community facilities needed for growth. + A distinction is made between benefits to new and existing development. Infrastructure required for growth should be funded by those who create the need, without placing an unfair burden on existing taxpayers.
Fairness and Equity	<p>Equity is closely linked to the “benefiter pays” principle but raises several considerations including;</p> <ul style="list-style-type: none"> + Equity requires that growth-related infrastructure provides service levels comparable to the broader community and meets current health, safety, or environmental standards, + DCC and ACC programs should fairly share growth-related infrastructure costs between existing users and new development, and + Equity does not imply uniform charges, as different development types or locations create different infrastructure needs. + To reflect these differences and avoid cross-subsidization, DCCs and ACCs should allocate costs from new development across geographies, land uses, and development types.
Integration	<ul style="list-style-type: none"> + DCC and ACC programs should align with the capital needs of growth, legislation, regional strategies, and Official Community Plans, ensuring charges support land use and broader infrastructure goals.
Accountability and Transparency	<ul style="list-style-type: none"> + DCCs and ACCs should be clear, understandable, and defensible, with transparent methodologies and assumptions. + Transparency allows elected officials to be accountable and builds public and stakeholder confidence in funding decisions and service delivery.
Certainty	<ul style="list-style-type: none"> + DCCs and ACCs must generate sufficient, stable, and predictable revenue to support capital programs and reduce financial risk. + Predictable charges help the development industry to plan projects and make investment decisions with greater confidence.
Consultative Input	<ul style="list-style-type: none"> + Communities are built through public and private sectors, so DCC and ACC programs should be developed with input from planners, developers, and those who pay the charges.

2.2 Tension Between Intent and Reality: Balancing Community Expectations, Market Viability, and Legal Requirements

While the principles outlined on the previous page provide a strong conceptual foundation for funding growth-related capital infrastructure, their application is often complex. Local governments must navigate inherent tensions between community expectations for high-quality services, the financial realities of delivering those services, the economic viability of development, and the legal frameworks within which funding tools must operate.

A. Local Government Capital Cost Pressures

Local governments in British Columbia face substantial capital cost pressures. Growth frequently triggers major investments in both “hard” infrastructure and amenities. These costs are often front-loaded, requiring significant capital expenditures well in advance of full build-out and tax assessment.

<p>“Hard” Infrastructure:</p> <ul style="list-style-type: none"> • Water • Wastewater systems • Roads • Stormwater management 	<p>Amenities</p> <ul style="list-style-type: none"> • Parks • Recreation facilities • Libraries • Emergency services • Other community amenities
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At the same time, local governments operate within constrained fiscal environments. Property taxes remain the main source of stable local government revenue, yet tax increases are often limited by affordability concerns and political acceptability. Senior government capital grants, while important, are typically project-specific, time-limited, and insufficient to fully offset growth-related infrastructure demands. As a result, local governments increasingly rely on DCCs, ACCs, and other tools—within the bounds of provincial legislation—to bridge the funding gap.

B. Balancing Infrastructure Funding, Housing Affordability, and Complete Communities

A further challenge lies in balancing the need to fund infrastructure with broader community objectives, including housing affordability and the creation of complete, inclusive communities. Infrastructure charges, while grounded in sound principles of cost recovery and fairness, ultimately form part of the cost of development. To varying degrees, these costs may be reflected in land values, house prices, or rents.

Local governments must therefore exercise care in calibrating funding tools so that they recover appropriate growth-related costs without unduly constraining housing supply or undermining planning policy objectives related to density, intensification, transit-oriented development, affordability, or the provision of diverse housing forms. This balancing act is particularly acute in markets facing affordability pressures, where even modest increases in development costs may affect project viability or timing.

In this context, funding decisions are not purely technical. They require informed judgment about trade-offs between fiscal sustainability, market feasibility, planning objectives, and long-term community outcomes. Transparent methodologies, clear policy rationales, and alignment between land use planning and financial planning are essential to maintaining public confidence and development certainty.

2.3 The Role of Planning Practitioners

Land use planners play a critical role in shaping the context within which growth-related infrastructure is planned, funded, and delivered. At the same time, it is important to recognize both the influence and the limits of planning in addressing infrastructure funding challenges. This section focuses on the practical implications of key provincial housing legislation for funding and financing community infrastructure and amenities, with an emphasis on the tools available to local governments to help fund local infrastructure needed to support growth

A. What Land Use Planning Can and Cannot Do

Land use planning can:

- + establish the spatial framework for growth, including where, when, and at what scale development occurs;
- + set density, built form, and land use policies that influence infrastructure demand and the efficient use of infrastructure;
- + promote compact, transit-supportive, and complete communities that can reduce infrastructure costs over time; and
- + provide clear policies that support coordinated infrastructure investment and cost recovery.

At the same time, land use planning cannot:

- + eliminate the need for capital investment associated with growth;
- + override legislative constraints governing infrastructure funding tools;
- + guarantee development viability in all market conditions; or
- + fully control how infrastructure costs are absorbed or distributed within the development market.

In short, planning policies may influence infrastructure efficiency, and fiscal sustainability but they do not, on their own, create funding capacity. Financial strategies, legislative authority, and market conditions remain decisive factors.

B. The Role of Planners Across Sectors

Planners in British Columbia operate across a range of institutional contexts, including the public sector, private sector, and non-governmental organizations, each with distinct but complementary roles.

- + **Public Sector:** In the public sector, local government planners are responsible for aligning growth management objectives with infrastructure planning and fiscal realities. This includes coordinating land use policies with capital plans, DCC and ACC frameworks, and long-term financial strategies, while ensuring compliance with provincial legislation and broader public interest objectives.
- + **Private Sector:** In the private sector, whether for-profit or non-profit, planners play a key role in assessing policy feasibility, advising on development potential, and translating planning frameworks into viable projects. They help identify where policy expectations and market realities may diverge, providing valuable feedback that can inform more achievable local government policies.

Within other organizations, including agencies, advocacy groups, and professional bodies such as PIBC, planners contribute to research, policy development, and public discourse on growth management, infrastructure funding, and community outcomes.

Across all sectors, planners serve as intermediaries - bridging policy intent, financial constraints, market dynamics, and community expectations - and promoters of good planning—bridging policy intent, financial constraints, market dynamics, and community expectations. Their role is not to resolve all tensions inherent in growth funding, but to ensure that decisions are informed, coordinated, and grounded in a clear understanding of both opportunities and limits.

3.0 LEGISLATIVE AND POLICY FRAMEWORK IN BRITISH COLUMBIA

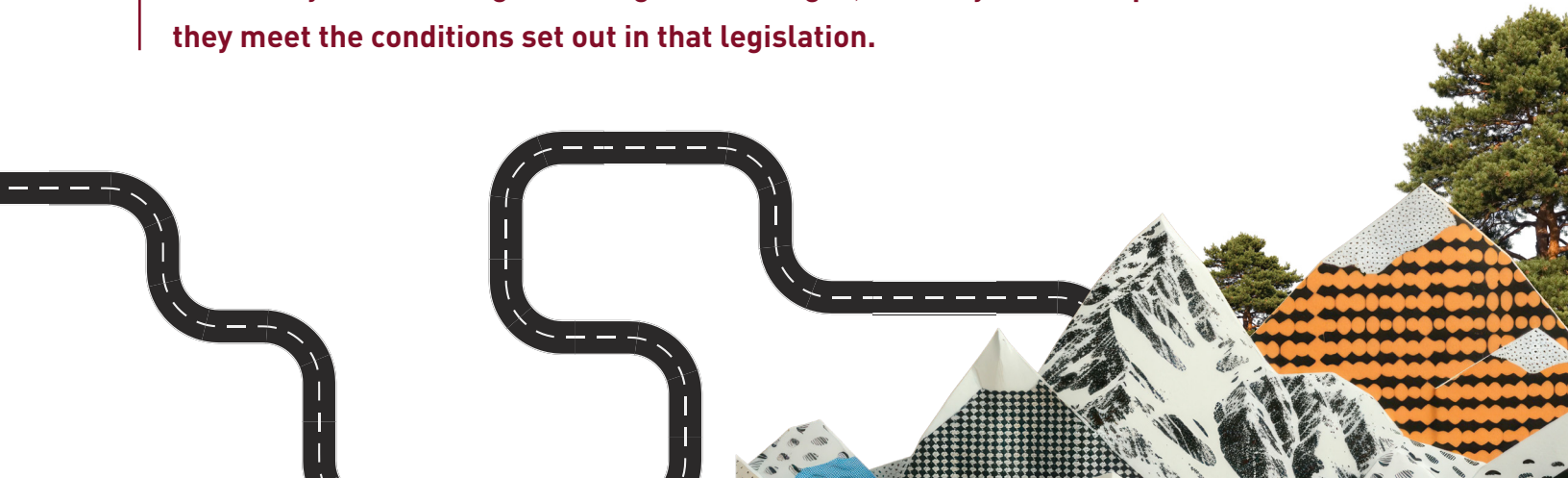
In British Columbia, local governments get their authority from two main provincial statutes: the Community Charter and the Local Government Act.

- + The **Community Charter** is the general law that establishes local governments as a level of government and sets out their broad powers. It allows local governments to tax, borrow, charge fees, and provide services, but it does not itself create DCCs or ACCs. Instead, it says that local governments can only impose those kinds of charges if another provincial law specifically authorizes them.
- + That specific authority comes from the **Local Government Act**. This Act contains detailed rules for land use planning, subdivision, and development-related funding tools. It is the law that explicitly allows local governments to charge developers for growth-related infrastructure and amenities.

DCCs are authorized under the Local Government Act to help pay for “hard” infrastructure needed because of growth, such as water and sewer systems, storm drainage, roads, fire and police and solid waste and recycling facilities and parks or emergency facilities. DCCs must be set out in a bylaw, supported by technical analysis, and can only be used to recover the portion of capital costs that is attributable to new development. They cannot be used for operating or lifecycle costs, or general local government purposes, and the money must be kept in dedicated reserve funds.

ACCs are also authorized under the Local Government Act and were introduced more recently. They are meant to fund “soft” infrastructure and community amenities required to support growth, such as a community, youth or seniors’ centre; a recreational or athletic facility, a library; a day care facility; a public square park amenities, recreation facilities, childcare, and cultural spaces. ACCs are intended to set predictable, up-front charges for amenities without having to rely on negotiations during the rezoning process. Like DCCs, ACCs must be set by bylaw, applied consistently, and tied to identified growth-related capital needs. They cannot overlap with costs already funded through DCCs.

In simple terms, the Community Charter gives local governments general governing and financial powers, but the Local Government Act provides specific legal permission and rules for charging DCCs and ACCs. Local governments must follow the Local Government Act closely when setting and using these charges, and they cannot impose them unless they meet the conditions set out in that legislation.



3.1 Role of Official Community Plans and Growth Management Strategies in Planning for Growth

In British Columbia, Official Community Plans (OCPs) and regional growth strategies do not set DCCs or ACCs directly, but they provide the policy foundation that makes those charges legally defensible, technically sound, and politically credible.

An OCP establishes a local government’s long-term vision for growth. It identifies where growth is expected to occur, what form it should take, how much development is anticipated, and what services and infrastructure will be required to support that growth. Because DCCs and ACCs are intended to fund infrastructure and amenities needed because of growth, the growth assumptions in the OCP are the starting point for both programs.

For DCC programs, the OCP (often supported by a growth management strategy or servicing plan) helps define:

- + the scale and location of future development;
- + the population and employment growth to be accommodated, and
- + the major infrastructure systems required to service that growth.

These assumptions are then translated into capital infrastructure plans and cost estimates, which form the technical basis for DCC bylaws. While the DCC bylaw is a separate legal instrument under the Local Government Act, it must be consistent with the growth patterns and servicing approach set out in the OCP. If a DCC program assumes growth or infrastructure that is inconsistent with the OCP, it is vulnerable to challenge.

For ACC programs, the link to the OCP is even more direct. ACCs are intended to fund community amenities—such as park amenities, recreation facilities, childcare, and cultural spaces—that support complete communities. OCPs typically include policies related to livability, community services, and amenity provision. These policies help justify:

- + why certain amenities are needed;
- + where they are required, and
- + how they relate to planned growth..

ACCs must be based on identified growth-related amenity needs. OCPs and growth strategies provide the policy justification that those amenities are part of the local government’s long-term growth vision, rather than ad hoc or discretionary projects.



Growth management strategies (sometimes standalone, sometimes embedded in an OCP) play a supporting technical role. They typically provide more detailed forecasts, phasing assumptions, and servicing strategies. This level of detail is especially important for ensuring DCC and ACC rates are proportionate to growth and align infrastructure timing with development.

Importantly, OCPs and growth strategies do not authorize local governments to charge DCCs or ACCs—that authority comes from the Local Government Act. However, without an OCP-based growth framework, it is difficult for a local government to demonstrate that its DCCs or ACCs are tied to growth, applied fairly, and supported by rational planning.

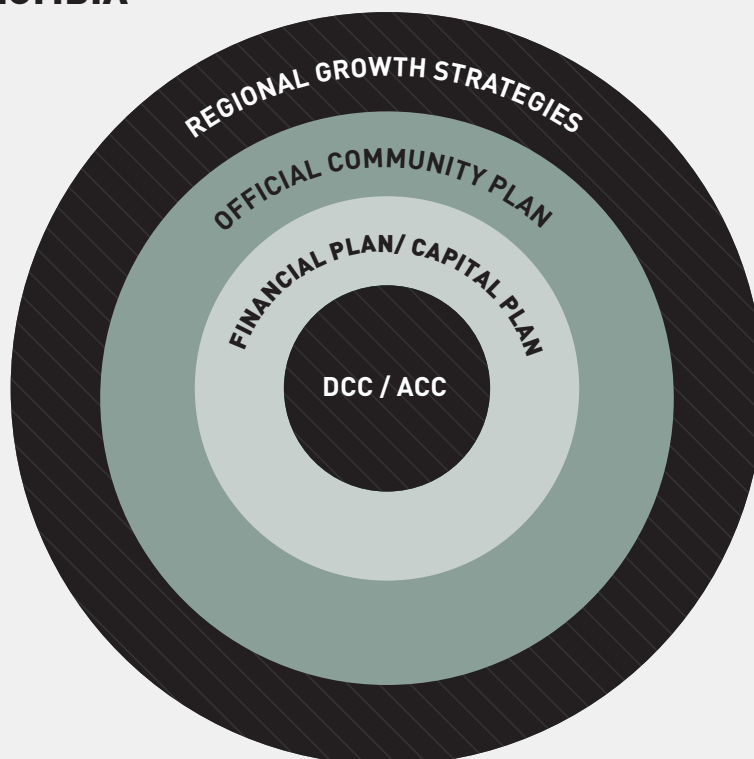
In practical terms:

- + OCPs and growth strategies answer the question “what growth are we planning for and what costs will it require?”
- + DCC and ACC programs answer the question “how do we recover the growth-related share of these costs?”

Strong alignment between land use planning and development finance is therefore essential for effective, defensible DCC and ACC programs in British Columbia.

LEGISLATIVE AND POLICY FRAMEWORK IN BRITISH COLUMBIA

01



3.2 Recent Legislative Changes

British Columbia’s local government development funding framework has undergone significant change following the Province’s introduction of the Housing Statutes Amendment Acts in November 2023. These reforms—principally Bills 44, 46, and 47—fundamentally alter how local governments plan for growth and how they fund the infrastructure and amenities required to support that growth. Together, the legislation significantly elevates the importance of DCCs and introduces ACCs as core, standardized funding tools.

- + **Bills 44 and 47** reshaped the land use planning environment by substantially increasing development entitlements and limiting local government discretion over rezonings and density approvals.
- + **Bill 44** required local governments to update Housing Needs Reports by January 1, 2025, and update OCPs and Zoning Bylaws by December 31, 2025 to accommodate identified housing needs. Future updates are required on a five-year cycle. It also prohibited public hearings for rezonings for residential development, that are consistent with and mandated as-of-right Small Multi-Unit Housing permissions across most residential areas, with higher densities near transit.
- + **Bill 47** introduced provincially designated Transit-Oriented Areas around major transit infrastructure. Within defined proximity bands, residential development is entitled to prescribed minimum densities and heights—up to 20 storeys and five times coverage—without rezoning. Local governments cannot refuse applications based on the density and height exceeding existing zoning, so long as the height falls within these limits

Collectively, these changes significantly increase the scale, speed, and geographic breadth of development and redevelopment, placing new and immediate pressure on local government infrastructure and community amenities. This context is critical to understanding the expanded role of DCCs and the introduction of ACCs.



4.0 CONCLUSION

Funding growth-related infrastructure in British Columbia is a complex exercise, shaped by legislation, fiscal impacts, market dynamics, and evolving community expectations. As communities grow and development intensifies, the demand for both hard infrastructure and community amenities increases, requiring capital infrastructure. Principles such as benefiter pays, fairness and equity, integration, transparency, certainty, and consultative input provide a defensible framework when addressing the funding of growth-related capital infrastructure.

Within this framework, DCCs and ACCs are tools that are intended to allow local governments to pay for growth related capital costs through charges on development. However, their application must remain proportionate, equitable, and closely aligned with adopted service standards and growth assumptions to remain legally and politically defensible.

Planners play a critical intermediary role in this environment and contribute to aligning policy intent with financial and market realities. Ultimately, effective growth funding in British Columbia requires transparent and evidence-based methodologies, and ongoing collaboration between the public and private sectors.



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