



**Meeting Date:** May 22, 2024

**Prepared By:** Tiffany Farrell, Director of Corporate Services

**Report No:** CPS-31-2024

**Subject:** Treasurer's Statement 2023-Development Charges

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**Recommendation:**

THAT Report CPS-29-2024, re: Development Charges Treasurer Statement for 2023 be received and posted on the website.

**Purpose:**

To present to Council the Development Charges Activity for 2023.

**Background:**

Legislative Requirements:

Annually, the Treasurer of the municipality is required to provide Council with a financial statement related to the DC by-law(s) and reserve funds. This statement must be made available to the public by posting on the website of the municipality and may be requested to be forwarded to the Minister of Municipal Affairs and Housing. Subsection 43(2) and O.Reg. 82/98 prescribes the information that must be included in the Treasurer's statement, as follows:

- opening balance;
- closing balance;
- description of each service and/or service category for which the reserve fund was established (including a list of services within a service category);
- transactions for the year (e.g. collections, draws) including each assets capital costs to be funded from the DC reserve fund and the manner for funding the capital costs not funded under the DC by-law (i.e. non-DC recoverable cost share and post-period DC recoverable cost share);
- for projects financed by development charges, the amount spent on the project from the DC reserve fund and the amount and source of any other monies spent on the project.

- amounts borrowed, purpose of the borrowing and interest accrued during previous year;
- amount and source of money used by the municipality to repay municipal obligations to the DC reserve fund;
- list of credits by service or service category (outstanding at beginning of the year, given in the year and outstanding at the end of the year by holder); and
- for credits granted under s.14 of the old DCA, a schedule identifying the value of credits recognized by the municipality, the service to which it applies and the source of funding used to finance the credit; and
- a statement as to compliance with s.s. 59(1) of the DCA, whereby the municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by the DC or another Act.

#### DC Reserve Fund Application:

Section 35 of the DCA states that:

“The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 7 of subsection 5(1).”

This provision clearly establishes that reserve funds collected for a specific service are only to be used for that service, or to be used as a source of interim financing of capital undertakings for which a development charge may be spent.

#### **Analysis:**

Based upon the above, Figure 1, and Attachments 1 and 2, set out the format for which annual reporting to Council should be provided.

In 2023/2024, staff worked with Watson & Associates on adjustments required for past balances as part of the updated 2024 Development Charge Study. These are outlined in Attachment #3.

At the end of 2023, the development charges are still in a negative position, and the Municipality is borrowing the funding from its general bank account to fund the deficit.

#### Development Charge Exemptions

The DCA permits several exemptions where DCs shall not be imposed for certain types of development. This list of exemptions under the DCA expanded at the end of 2022 with the passage of Bill 23. There are additional exemptions beyond those required under the DCA laid out in the Municipality’s DC Study 2029 and the DC By-laws 2019-073 and 2021-119. The Municipality funds all exemptions for a study period in the final year of the study period. Therefore, all exemptions from July 2019 to July 2024 are funded in 2024.

DC exemptions from July 17, 2019, to December 31, 2023, totaled \$2,475,170.72.

Staff are currently working on a new DC Exemption policy which will outline the funding strategies for DC exemptions and change to an annual funding plan for DC exemptions. This policy will also outline the reporting requirements.

**Financial Implications:**

When applicable, development charges are collected at the time of building permit issuance and are to be used to offset growth-related component of eligible capital works. Although this report details the receipt, retention, and application of those funds for capital purposes during the year, there is no financial impact to receiving this report. The amount of development charges can vary widely from year to year based on fluctuations on building activity, such as the number and size of non-residential developments or changes in the type and/or number of housing units.

**Strategic Plan:**

This matter aligns with following strategic priorities:

- Responsive Municipal Government

The annual Development Charge Treasurer Statement is a legislative requirement under the Development Charges Act and additionally it responds directly to Objective 5.3 – Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

**Attachments:**

A1 Treasurer's Statement 2023 – Development Charges