



**Subject: 2024 Development Charges By-law Adoption**

**Report Number:** FIN 24-034

Department: Finance Department

Submitted by: Renato Pullia, Interim Director of Finance/Treasurer

Meeting Type: Council Meeting

Meeting Date: Wednesday, June 12, 2024

**RECOMMENDATION**

- A. THAT report FIN 24-034 titled “2024 Development Charges By-law Adoption” be received as information; and
- B. THAT Council adopt the Development Charges (D.C.) approach to calculate the charges on a uniform Town-wide basis for all services within this background study; and
- C. THAT Council approve the capital project listing set out in Chapter 5 of the D.C. Background Study dated April 12, 2024, as amended, subject to further annual review during the capital budget process; and
- D. THAT Council approve the D.C.s Background Study dated April 12, 2024, as amended; and
- E. THAT Council determine that no further public meeting is required; and
- F. THAT the 2024 D.C. By-law be presented to Council for consideration.

**BACKGROUND**

In accordance with the *Development Charges Act, 1997*, as amended, before a new Development Charges (DC) by-law can be passed, a DC Background Study (the ‘Study’) must be undertaken. The Town, in conjunction with Oxford County and area municipalities, engaged Watson & Associates Economists Ltd. to undertake the Study, which was presented to Tillsonburg Council at its March 11, 2024 meeting. On March 18, 2024, the Study was presented to development industry stakeholders, and was posted to the Town’s website on April 12, 2024, along with the draft DC By-law and a Poll seeking feedback from Town residents.

At its April 8, 2024 meeting, Council also received report FIN 24-010 titled Development Charges Exemptions Policy Review, from which Council adopted the following resolution:

**Resolution # 2024-167**

**Moved By:** Councillor Spencer

**Seconded By:** Deputy Mayor Beres

A. THAT report FIN 24-010 titled “Development Charges Exemptions Policy Review” be received as information; and

B. THAT consideration on the removal of non-residential or industrial exemptions be presented to the public for input, as part of releasing the detailed background study and part of the public meeting of Council.

At its May 27, 2024 meeting, Council received report FIN-24-032 titled Development Charges By-law Recommendations, being coupled with the public meeting to bring forth public input received and staff recommendations, from which Council adopted the following resolution:

**Resolution # 2024-256**

**Moved By:** Councillor Parsons

**Seconded By:** Councillor Rosehart

- A. THAT report FIN 24-032 titled “Development Charges By-law Recommendations” be received as information; and
- B. THAT the exemption for Development Charges for the Commercial class be removed; and
- C. THAT the exemption for Development Charges for the Industrial class continue, as part of a proactive approach to attracting Industrial growth and employment.

On June 6, 2024, Bill 185 received Royal Assent. The changes introduced through Bill 185 to the D.C.A. and Ontario Regulation 82/98 under the D.C.A. include:

- The inclusion of studies within the eligible capital costs;
- The removal of the mandatory phase-in of charges;
- The process for minor amendments to development charge (D.C.) by-laws;
- A reduction of time for the D.C. rate freeze related to site plan and zoning by-law amendment planning applications; and
- Modernizing public notice requirements.

Consequently, an Addendum to the DC Background Study was initiated to incorporate Council’s direction from the May 27, 2024 meeting and Bill 185 changes. The DC Background Study, as amended, is attached to this report and is also posted online.

**DISCUSSION**

The proposed DC rates to be adopted on June 13, 2024, through the new DC By-Law, are as follows:

Service/Class of Service	RESIDENTIAL				NON-RESIDENTIAL	
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	(per sq.m. of Gross Floor Area)	(per Wind Turbine)
<b>Municipal Wide Services/Class of Service:</b>						
Services Related to a Highway	4,170	3,324	2,662	1,690	20.98	4,170
Fire Protection Services	1,392	1,110	889	564	7.01	1,392
Parks and Recreation Services	9,129	7,276	5,828	3,699	7.66	
Policing Services	6	5	4	2	0.03	6
Growth-Related Studies	85	68	54	34	0.33	85
<b>Total Municipal Wide Services/Class of Services</b>	<b>14,782</b>	<b>11,783</b>	<b>9,437</b>	<b>5,989</b>	<b>36.00</b>	<b>5,653</b>

By comparison to the charges presented in the April 12, 2024 D.C. Study, as amended, the amended charge for a single and semi-detached residential unit would increase by \$270 (+1.9%) from \$14,512 to \$14,782.

Staff recommend that the rates outlined above be approved for adoption and come into full force and effect on upon by-law effective date of June 13, 2024. The distribution of the development charge rates by eligible service category is outlined in detail in Schedules B1-B5 of the new DC By-Law.

**CONSULTATION**

Input was gathered from all departments regarding proposed policy changes, encompassing a wide spectrum of considerations, from budgetary matters to regulatory compliance and development community impact assessments.

**FINANCIAL IMPACT/FUNDING SOURCE**

From page v of the Executive Summary of the 2024 DC Background Study as amended, the following table shows that the Town plans to spend \$78.7 million over the 10-year planning period of which \$39.5 million (50%) is recoverable from D.C.s. Of the net \$39.5 million included in the calculation, \$34.2 million is recoverable from residential development and \$5.3 million from non-residential development. It is noted also that any exemptions or reductions in the charges would reduce this recovery further. This suggests that non-D.C. costs over the forecast period will total \$39.2 million. As part of the D.C. background study process, Watson has undertaken an assessment of the D.C. revenue foregone that would occur based on current Statutory and non-statutory

exemptions and reduction policies. This analysis suggests that the shortfall in D.C. revenue as a result of these policies would total \$13.1 million over the forecast period or 32% of D.C. recoverable costs.

Summary of Expenditures Anticipated Over the Life of the By-law	Expenditure Amount
Total Gross Capital Costs	\$78,713,000
Less: Benefit to Existing Development	\$12,184,000
Less: Post Planning Period Benefit	\$19,146,000
Less: Grants, Subsidies and Other Contributions	\$3,504,000
Less: Existing D.C. Reserve Funds	\$4,385,000
<b>Net Costs to be Recovered from Development Charges</b>	<b>\$39,485,000</b>

**CORPORATE GOALS**

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

**Goal** – N/A – Legislative requirement.

**Strategic Direction** – N/A

**Priority Project** – N/A

**ATTACHMENTS**

1. Appendix A – 2024 DC Background Study, as amended
2. Appendix B – Addendum to the 2024 DC Background Study