



**Subject: Economic Development Advisory Committee Recommendation – Proposed Industrial Development Charges**

**Report Number:** EDM 25-009

Department: Economic Development Department

Submitted by: Laura Pickersgill, Executive Assistant

Meeting Type: Council Meeting

Meeting Date: Monday, February 24, 2025

**RECOMMENDATION**

- A. THAT report EDM 25-009 titled “Economic Development Advisory Committee Recommendation – Proposed Industrial Development Charges” be received as information; and
- B. THAT Council supports the Committee’s recommendation:
  - a. *THAT the Economic Development Advisory Committee seeks Council's support to address Oxford County Council at a future meeting to speak to the impact of development charges on industrial development particularly in light of a softening industrial market, the Town’s supply of industrial land coming to market and the impact of the U.S. tariffs which could further exacerbate the challenge of attracting industrial development to help the Town of Tillsonburg maintain a more competitive position against neighbouring municipalities that do not have development charges currently.*

**BACKGROUND**

A growing municipality requires investment in growth related infrastructure to service new development. Development charges are fees that are paid by new developments to fund the capital cost of services constructed throughout the county. Development charges play an important part in how growth-related infrastructure is financed. Each new or expanded residential and non-residential development requires increased municipal infrastructure and services to function efficiently and effectively. That being said, Industrial Development has typically been exempted from paying Development Charges based on the positive benefits of industrial growth including property taxes, increased jobs and economic activity. Further, industrial development arguably places less demands on municipalities versus other sectors.

Oxford County and area municipalities regularly (usually every five years) conduct development charges background studies to forecast future residential and non-residential growth to determine infrastructure needs and costs. This information is used

to calculate the amount of money that new development needs to pay to cover the cost of new infrastructure and services.

Oxford County passed an updated Development Charge Bylaw in June 2024, but decided, through its budget process, to revisit the exemptions granted by the bylaw in order to offset tax increases in their budget. The County is currently in the process of updating its development charge policy, by-law and underlying background study in order to consider:

- removal of the non-statutory exemption related to industrial buildings;
- removal of the long-term care charge; and,
- update projects where new information has been received since completion of the Background Study in 2024.

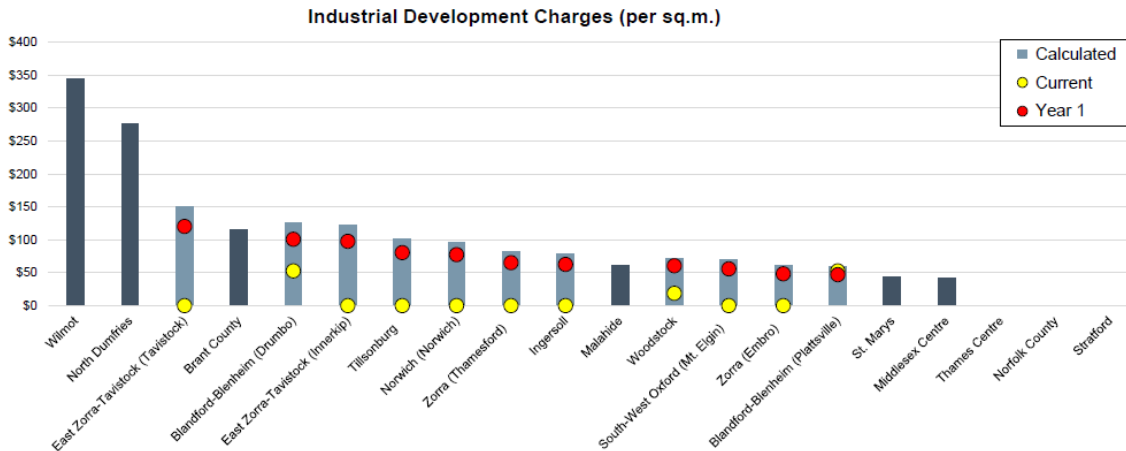
The County is proposing to remove industrial uses from the current non-statutory D.C. exemptions due to the financial impact of revenue foregone. Industrial expansions of <50% of existing floor area would continue to be exempt (statutory exemption).

The Economic Development Advisory Committee has concerns about what negative impact these proposed changes will have on the Town of Tillsonburg's economic stability. At the February 11, 2025, Committee meeting the following resolution was passed:

*THAT the Economic Development Advisory Committee seeks Council's support to address Oxford County Council at a future meeting to speak to the impact of development charges on industrial development particularly in light of a softening industrial market, the Town's supply of industrial land coming to market and the impact of the U.S. tariffs which could further exacerbate the challenge of attracting industrial development to help the Town of Tillsonburg maintain a more competitive position against neighbouring municipalities that do not have development charges currently.*

According to the chart below, you can see there are many municipalities nearby that do not have D.C.'s for industrial development.

# Municipal Comparison Industrial – per sq.m. of G.F.A.



The Committee is seeking Council’s support for the Chair of the Economic Development Advisory Committee to attend a future Oxford County Council meeting to address the Committee’s concerns.

## CONSULTATION

Economic Development Advisory Committee

## FINANCIAL IMPACT/FUNDING SOURCE

There are two main items that staff feel will have an impact to Tillsonburg from the proposed changes:

1. Impact to County budget: If the removal of the exemption goes through, \$4.3M of costs should come off the 2026 County budget:

### Financial Impact of Removal of Industrial Exemption

- The shortfall in D.C. revenue as a result of the current statutory and non-statutory D.C. exemption policies were estimated to total \$85 million over the 10-year forecast period or 37% of D.C. recoverable costs.
- If the current policy to exempt industrial development is discontinued the shortfall would decrease from \$85 million to \$42 million (i.e., \$4.3 million per year increase in D.C. revenue)

This would be due to industrial development paying on average approx. \$4.3M per year in development charges, which are currently being paid for by all property owners.

As a secondary item, separate from the removal of the industrial exemption, that staff have identified are reductions in Water/Wastewater project costs.

2. Water and Wastewater project costs over the next 10 years for Tillsongburg has been lowered by ~\$5M:

| Changes to D.C. recoverable costs |                         |
|-----------------------------------|-------------------------|
| Change in D.C. recoverable costs  |                         |
| • Services Related to a Highway:  | + \$906,000 (+1.5%)     |
| • Ambulance:                      | + \$1.4 million (+185%) |
| • Long Term Care:                 | - \$16.8 million        |
| • Woodstock Wastewater:           | + \$13.6 million (+56%) |
| • Tillsongburg Water:             | - \$4.8 million (-23%)  |
| • Tillsongburg Wastewater:        | - \$384,000 (-11%)      |
| • Ingersoll Water:                | - \$422,000 (-5%)       |
| • Ingersoll Wastewater:           | +\$2.2 million (+15%)   |
| • Thamesford Water:               | - \$1.2 million (-66%)  |
| • Studies:                        | + \$63,000 (+4%)        |

### 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** – Through community and regional partnerships, Tillsonburg will attract and retain a diverse range of businesses, creating employment opportunities for residents and a balanced tax base.

**Strategic Direction** – Instill an “open for business” culture across the corporation that prioritizes economic development and business attraction.

**Priority Project** – Build out of new industrial land purchase

## **ATTACHMENTS**

Appendix A – Oxford County Development Charge By-Law Amendment Public Meeting Presentation