

To: Warden and Members of County Council

From: Director of Corporate Services

Development Charges Annual Report - 2022

RECOMMENDATION

1. That County Council receive Report No. CS 2023-13 prepared in accordance with Section 12 of O.Reg.82/98 of the *Development Charges Act, 1997*, and authorize posting the report for public information.

REPORT HIGHLIGHTS

- Total development charges collected amounted to \$7,620,916 (\$8,193,579 – 2021)
- Accrued interest earned by the development charges accounts was \$381,174 (\$132,041 – 2021)
- Total development charges funds used for capital and operating projects was \$7,924,186 (\$5,826,732 – 2021)

Implementation Points

In accordance with subsection 43(2.1) of the *Development Charges Act, 1997*, following adoption of the recommendation contained in this report, the Treasurer will make the report available to the public by posting it to the County website.

Financial Impact

Growth related capital projects have been funded using development charge revenues based on actual expenditures incurred in 2022 for projects identified in the current Development Charges Background Study. Development Charge Reserve Funds Statement of Continuity, attached as Attachment 1, illustrates the total contributions to and from each reserve fund by service that occurred in the year. Attachment 2 presents details of funding sources for the growth related projects included in the Development Charge Background Study.







The Treasurer confirms that the County is in compliance with subsection 59.1(1) of the *Development Charges Act, 1997*¹.

¹ Subsection 59.1(1) A 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 this Act or another Act. 2015, c.26, s.8

Communications

This report will be posted on the County’s website for public information.

Strategic Plan (2020-2012)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.iii.	4.ii.		

DISCUSSION

Background

In accordance with Section 12 of O.Reg.82/98, of the *Development Charges Act, 1997*, the Treasurer of the municipality shall provide to Council a financial statement relating to the reserve funds established under a by-law to collect development charges. The statement provided by the Treasurer is required to be made available to the public and to the Minister of Municipal Affairs and Housing on request.

Attachment 1 provides the development charge continuity information prescribed in Section 12 of O.Reg.82/98 as information to be included in the statement of the treasurer of a municipality under section 43 of the Act. In addition, Attachment 2 provides project specific information pursuant to Section 12 of O.Reg.82/98 under section 43 of the Act.

Comments

Development Charge Eligible Cost Analysis

The nature of capital projects and timing identified when the by-law was passed reflected the intentions of the Council at that time. Nevertheless, over time municipal projects and Council priorities change; Council’s intentions may alter; and, different capital projects (and timing) may be required to meet the need for services required by new growth. The development related capital requirements are established over a ten year planning period. As such, the County’s development charges background study was reviewed over the course of 2018 and 2019 resulting in the enactment of new by-laws taking effect June 26, 2019. Due to amendments to the *Development Charges Act, 1997*, the County’s development charge by-laws were updated on March 24, 2021, which came into force and effect on April 1, 2021, and will expire on June 26, 2024. The next Development Charge Background Study will commence in 2023 with the intent for updated by-laws to be considered by Council in the second quarter of 2024.

Development Charges are used to finance capital works required for new housing and non-residential development. The county-wide by-laws apply to most new residential and some forms of non-residential development on lands within the boundaries of Oxford County.

Development Charges generated from the county-wide charge go toward growth-related costs associated with general government, roads, land ambulance, waste diversion and library services. The water and wastewater by-laws apply specifically to development of lands within a geographic area defined in each by-law that generally corresponds to the jurisdiction named in the title. Development Charges generated from these by-laws go toward growth-related costs associated with the provision of water and wastewater infrastructure. All current County Development Charge by-laws under the authority of the *Development Charges Act*, (1997) came into effect on June 26, 2019 and were subsequently amended as of April 1, 2021.

Development Charge Exemptions

Notwithstanding statutory exemptions set out in the *Development Charges Act*, (1997), the Act allows municipalities to exempt from development charges certain types of development. The Act does not permit capital funding shortfalls created by development charge exemptions to be funded through other development charge eligible sources. Within this reporting year, the cost of development charge exemptions funded by reserves, user rates/fees or taxation are illustrated in Table 1.

Table 1 – 2022 Development Charge Exemptions

Exemption	County	Library	Water	Wastewater	Total
Industrial buildings	\$860,691	\$15,198	\$427,817	\$1,077,321	\$2,381,027
Farm buildings	63,224	2,083	-	-	65,307
Places of worship	804	26	-	-	830
Public hospitals	-	-	-	-	-
Private schools	-	-	-	-	-
Lands in CBD and ED ¹	-	-	-	-	-
Temporary buildings or structures	-	-	-	-	-
Temporary dwelling units	-	-	-	-	-
Long term care homes	-	-	-	-	-
Affordable housing	24,552	3,420	12,240	36,954	77,166
Total	\$949,271	\$20,727	\$440,057	\$1,114,275	\$2,524,330

Note 1: Central Business District (CBD) and Entrepreneurial District (ED)

Indexing

The County schedule of Development Charges as summarized in the tables found on Attachment 3 includes indexing of the development charges implemented on April 1, 2023, in accordance with the Statistics Canada Construction Price Statistics. The schedule sets out the charges that are applicable to residential development by unit type: single and semi-detached dwelling units; apartments; and other multiples. Charges applicable to non-residential development are levied based on square meter of gross floor area. To determine the total County charge, the county-wide charge is added to the applicable area-specific charges for water and wastewater services. Only the county-wide development charge will apply for development occurring in areas that are not serviced by municipal water and/or wastewater.

Development Charges Debt

In some cases, growth-related capital projects are completed prior to having fully collected the necessary DCs to fund the project. In these situations, external debt is permitted under the *Development Charges Act, (1997)*, to cash flow the capital costs of the project and is repaid by the future DC collections. In 2022 \$1,483,000 of debt was issued for unfinanced DCs related to the construction of the Mount Elgin Graydon Well. Additional debt issuance is anticipated in 2023 towards watermain extension projects on County Road 4, Lansdowne Ave and County Road 17 in Woodstock. The unfinanced DCs related to the Drumbo Wastewater Treatment Plant will be reviewed as part of the upcoming background study to determine the appropriate timing for debenture issuance to ensure future DC cash flows are sufficient to meet debenture repayment obligations.

Conclusions

Growth related capital projects have been funded using development charge revenues based on actual expenditures incurred in 2022 for projects identified in the current Development Charges Background Study.

This report meets the annual financial reporting requirements as set out in the *Development Charges Act, 1997*.

SIGNATURES

Report Author:

Original signed by

Jennifer Lavallee, CPA, CGA
Manager of Capital Planning

Departmental Approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Benjamin R. Addley
Chief Administrative Officer

ATTACHMENTS

- Attachment 1 – Development Charge Reserve Funds Continuity Statement, December 31, 2022
- Attachment 2 – Growth-Related Projects Funding Sources, 2022
- Attachment 3 – County Development Charges Schedule, April 1, 2023