

REPORT TO COUNTY COUNCIL

Development Charges Annual Report - 2023

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATION

1. That County Council receive Report CS 2024-13, 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 \$5,220,895 (\$7,620,916 – 2022)
- Accrued interest earned by the development charges accounts was \$962,354 (\$381,174 – 2022)
- Total development charge funds used for capital and operating projects was \$5,654,153 (\$7,924,186 – 2022)

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 report will be made 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 2023 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.

Communications




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

2023-2026 STRATEGIC PLAN

Oxford County Council approved the **2023-2026 Strategic Plan** on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council's vision of "Working together for a healthy, vibrant, and sustainable future." These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendation in this report supports the following strategic goals.

Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
Goal 1.2 – Sustainable infrastructure and development		Goal 3.1 – Continuous improvement and results-driven solutions Goal 3.2 – Collaborate with our partners and communities Goal 3.4 – Financial sustainability

See: [Oxford County 2023-2026 Strategic Plan](#)

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

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-laws were 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. Project timing, along with estimated expenditures and funding sources are reviewed with each budget and business plan cycle.

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 are allocated toward growth-related costs associated with growth-related studies, roads and related, 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 are allocated 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. The allocation of development charge reserve funds in 2023 meets or exceeds the requirements for prescribed services (water, wastewater and roads) as set out in Section 35 of the Act – Use of Reserve Funds.

Development Charge Exemptions and Discounts

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 or

discounts to be funded through other development charge eligible sources. Within this reporting year, the cost of statutory and non-statutory development charge exemptions and discounts funded by user rates/fees or taxation are illustrated in Table 1.

Table 1 – 2023 Development Charge Exemptions

Exemption	County	Library	Water	Wastewater	Total
Industrial buildings	\$108,057	\$57	\$59,229	\$103,777	\$271,120
Affordable housing	-	-	-	-	-
Educational	4,266	140	-	-	4,406
Municipal	265,668	8,728	449,690	-	724,086
Rental discounts	31,996	-	17,441	31,409	80,846
Additional Residential Units	36,196	5,051	11,686	39,111	92,044
Subtotal Statutory	446,183	13,976	538,046	174,297	1,172,502
Industrial buildings	118,852	3,908	45,459	212,089	380,308
Farm buildings	82,334	2,706	-	-	85,040
Places of worship	4,476	147	-	-	4,623
Public hospitals	-	-	-	-	-
Private schools	-	-	-	-	-
Lands in CBD and ED ¹	-	-	-	-	-
Temporary buildings or structures	-	-	-	-	-
Temporary dwelling units	-	-	-	-	-
Long term care homes	98,037	3,223	33,871	303,431	438,562
Subtotal Non-Statutory	303,699	9,984	79,330	515,520	908,533
Total	\$749,882	\$23,960	\$617,376	\$689,817	\$2,081,035

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, 2024, 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 2023, \$4,142,000 of debt was issued for unfinanced DCs related to the extension of a watermain to service development on County Road 4 and Lansdowne Ave. Additional debt issuance is anticipated in 2024 for a watermain extension on County Road 17 in Woodstock. The unfinanced DCs related to the Drumbo Wastewater Treatment Plant are being reviewed as part of the 2024 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 2023 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, 2023
Attachment 2 – Growth-Related Projects Funding Sources, 2023
Attachment 3 – County Development Charges Schedule, April 1, 2024