

REPORT TO COUNTY COUNCIL

2024 Development Charge Background Study

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATIONS

1. That County Council adopt the assumptions contained in the 2024 Development Charge Background Study, dated April 12, 2024, subject to availability of capital grants, subsidies and other contribution estimates therein;
2. And further, that Council approve the capital project listing set out in the 2024 Development Charge Background Study, dated April 12, 2024, subject to review during annual capital budget processes;
3. And further, that the 2024 Development Charge Background Study for each of the service area Development Charge calculations dated April 12, 2024, be received and approved;
4. And further, that pursuant to Section 12(3) of the Development Charges Act, 1997, as amended, the Council of the County of Oxford has determined that a further public meeting is not necessary for the proposed Development Charge by-law;
5. And further, that the Development Charges By-law No. 6639-2024, be presented to Council for enactment;
6. And further, that Schedule "A" to By-law No. 4889-2007, being a by-law to impose fees and charges for services provided by the County of Oxford that are not covered through direct taxation, be amended effective June 13, 2024.

REPORT HIGHLIGHTS

- Development Charge Background Study indicates growth forecasts, assumptions and growth-related projects planned over the 2024 to 2033 period
- Development Charge By-law effective on June 13, 2024, and will expire 10 years after the day it comes into force, unless repealed earlier

IMPLEMENTATION POINTS

Subject to Council's enactment of Development Charge By-law No. 6639-2024, the By-law will be posted on the County website and circulated to Area Municipalities, along with an updated information schedule, both taking effect on June 13, 2024 with the former by-laws being repealed as of the same date.

Upon passing of the development charge by-law, the Clerk will give notice of a 40-day appeal period that will end July 22, 2024.

Pending announcement of proposed Provincial amendments to Bill 185 - Cutting Red Tape to Build More Homes Act, staff will present Council with any necessary amendments to the County's DC By-law to ensure it remains compliant with provincial legislation.

The updated fees and charges schedule will be posted on the County' website for public information. A copy of the fees and charges schedule will be circulated to area municipalities.

Financial Impact

Approval of the recommendations contained within this report will have no financial impact beyond what has been approved in the current year's budget. The capital project listing as set out in the 2024 Development Charge Background Study will inform future capital budgets, including funding sources – subject to annual review. Staff will update the forecasted development charge revenue based on the applicable rates as well as updating funding sources within the capital budget. These impacts will be reflected in the forecasted December 31, 2024, reserve closing balances as presented through the 2025 business plan and budget process.

Communications

On March 18, 2024, Watson facilitated a stakeholder information session regarding the 2024 Development Charge Background Study. In addition to an overview of the DCA, they presented draft calculated development charge rates based on committed capital growth-related plans for all area municipalities participating in the Study as well as comparisons of the calculated rates to existing rates and to other municipalities within the surrounding area.

Participants felt that industrial development would be negatively impacted from the removal of the non-statutory industrial exemption:

- site selectors are generally US based, unfamiliar with development charges, and remove locations with additional fees as a first step;
- development charges are not financeable, and developers (large and small) must have cash-in-hand to pay these fees; and
- the long-term benefit of the increased industrial tax base far outweighs the initial impact from providing the non-statutory exemption.

A poll was initiated through the *Speak Up, Oxford!* page and promoted through the County's social media channels to gather feedback related to the potential removal of the non-statutory exemption for industrial development charges. A total of 98 responses were received.

- 11 respondents felt the removal of the industrial exemption would have minimal to no impact on growth;
- 26 respondents felt it would make Oxford a less attractive place for developers to invest; and
- 39 respondents felt the increased collection of development charge revenues would have a positive impact on growth overall.

General comments were also accepted through the *Speak Up, Oxford!* Page, with a total of 9 comments being received. Responses received were in relation to provincial directives within the DC Act, County growth policies, ensuring infrastructure changes resulting from growth are carefully thought out to provide residents with required levels of service, while ensuring development charge rates appropriately reflect growth needs.

As part of the May 8, 2024, regular meeting of Council, a statutory public meeting was held pursuant to the Development Charges Act, 1997 (DCA), regarding proposed development charge rates and policies to be applied throughout Oxford County, as set out in the draft 2024 Development Charge Background Study and by-law.

The public meeting commenced with a presentation from Watson & Associates Economists Ltd. (Watson) providing an overview of the proposed development charges for the County. The public was invited to attend and make written or verbal presentation either in support of or in opposition to the by-law. A few interested parties made verbal presentations during the public meeting.

Staff received three written submissions included as Attachment 1 to this report and are working with Watson, as required, to prepare formal responses to the submissions.




The *Development Charges Act* regulates the notification requirements upon the passing of the by-law. Notice must be provided through publication or mail not later than 20 days after the day the by-law is passed. Any person or organization may appeal a development charge by-law to the Ontario Land Tribunal by filing with the Clerk, on or before the last day for appealing the by-law (July 22, 2024), a notice of appeal setting out the objection to the by-law and the reasons supporting the objection.

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 recommendations 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
<p>Goal 1.1 – 100% Housed</p> <p>Goal 1.2 – Sustainable infrastructure and development</p> <p>Goal 1.4 – Connected people and places</p>	<p>Goal 2.1 – Climate change mitigation and adaptation</p> <p>Goal 2.2 – Preserve and enhance our natural environment</p>	<p>Goal 3.1 – Continuous improvement and results-driven solutions</p> <p>Goal 3.2 – Collaborate with our partners and communities</p> <p>Goal 3.4 – Financial sustainability</p>

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

DISCUSSION

Background

The *Development Charges Act, 1997* (DCA), governs the collection of Development Charges (DC). The intent of DCs is to ensure that infrastructure costs arising from increasing population and employment are funded by new development that benefits from the introduction of the new services (user-pays approach). DCs have been established to ensure that these costs are not borne by existing residents and businesses through property taxes or water/sewer rates. The *More Homes, Built Faster Act, 2022* (Bill 23) amended the DCA resulting in further limitations on the County’s ability to collect DCs for growth related infrastructure costs.

On April 10, 2024, the Province released Bill 185, the “Cutting Red Tape to Build More Homes Act” which is proposing several changes to the Development Charges Act and related notice requirements.

In May 2023, the County and seven of the Area Municipalities initiated a joint Development Charges Background Study process as required by the DCA before passing new development charge by-laws. The County currently has ten development charge by-laws that are due to expire June 26, 2024. The County must complete the Development Charges Background Study process and adopt a new by-law to continue to collect DCs beyond the expiry date.

Watson & Associates Economists Ltd. (Watson) is the consulting firm engaged to facilitate the background study and by-law development process. As part of this process, Watson has collaborated with a Steering Committee comprised of representation from the County and all the participating Area Municipalities to review the existing policies and address areas of weakness,

inconsistencies and new economic and social pressures that suggest changes need to be considered in development charge policy within the County.

Further, Watson has facilitated the compilation of a growth-related capital projects inventory as part of the study and update process with each of the participating municipalities. The detailed growth-related inventory listing is identified on the basis of the municipalities' growth forecast and calculated 15-year service levels. At the County level, this process was further facilitated by a DC Technical Review completed by Public Works for roads and related services; and water and wastewater services in alignment with Council-approved master plans. The capital project cost estimates are then discounted by grants and other contributions; benefit to existing population; post period benefit; and available development charge reserves to arrive at the development charge rates required to recover growth related infrastructure costs.

Comments

Based on review of all comments received, there is support in maintaining the non-statutory industrial exemption at this time. Impacts resulting from this exemption will continue to be tracked and reported, along with other statutory and non-statutory exemption impacts, as part of the Development Charges Annual Report.

It is the opinion of staff that, based on comments received with respect to the 2024 Development Charge Background Study and by-law, no further public meeting is required to meet the statutory requirements of the Development Charges Act.

Staff will review and comment on any future consultations regarding Bill 185 and will bring forward to Council proposed changes to By-law. No 6639-2024, within the timeframes as set out in Bill 185, upon enactment.

If the recommendations contained within this report were not adopted prior to the expiry of the existing development charge by-laws, being June 26, 2024, the County's authority to collect development charges would cease on that date. This would result in potential loss of development charge revenue affecting the County's ability to fund some growth-related projects and it would have the effect of creating financial inequity among existing property owners and development that occurs during the elapsed period.

A summary of the County's Development Charges effective June 13, 2024, is included in Attachment 2. 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, per bed for farm bunk houses and per wind turbine. To determine the total 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.

As a result of the introduction of Development Charges for water and wastewater services in the communities of Embro and Innerkip, changes are required to Schedule "A" of the County's Fees and Charges By-law No. 4889-2007 as illustrated in Attachment 3.

CONCLUSIONS

Council is advised to proceed with enactment of By-law No. 6639-2024 and adopting the assumptions, calculations, and capital project listing contained within the 2024 Development Charge Background Study, which is posted on the County’s website at [2024 Development charges background study](#).

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 Background Study Written Submissions
- Attachment 2 – County Development Charges Schedule, June 13, 2024
- Attachment 3 – Schedule “A” to By-law No. 4889-2007, as amended