

REPORT TO COUNTY COUNCIL

Development Charges Annual Report - 2025

To: Warden and Members of County Council

From: Director of Financial Services

RECOMMENDATIONS

1. That County Council receive Report FS 2026-08, prepared in accordance with Section 12 of O.Reg.82/98 of the *Development Charges Act, 1997*;
2. And further, that County Council endorse using the Statistics Canada Non-residential Business Price Index for London under O. Reg 164/25, for the purpose of indexing Oxford County Development Charges.

REPORT HIGHLIGHTS

- Total development charges collected amounted to \$6,131,576 (\$5,852,572 – 2024)
- Accrued interest earned by the development charges accounts was \$751,131 (\$1,126,449 – 2024)
- Total development charge exemptions funded was \$6,242,178 (\$12,170,378 – 2024)
- Total development charge funds used for capital and operating projects was \$11,183,924 (\$18,767,177 – 2024)

IMPLEMENTATION POINTS

In accordance with subsection 43(2.1) of the *Development Charges Act, 1997 (DCA)*, 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 2025 for projects identified in the 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 *DCA*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 recommendations in this report support 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 43 of the *DCA*, 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 upon request.

Attachment 1 and 2 provides the development charge continuity information prescribed to be included in the statement of the treasurer of a municipality. In accordance with section 43(2), “A statement must include, for the preceding year,

(a) statements of the opening and closing balances of the reserve funds and of the transactions relating to the funds;

(b) statements identifying,

(i) all assets whose capital costs were funded under a development charge by-law during the year,

(ii) for each asset mentioned in subclause (i), the manner in which any capital cost not funded under the by-law was or will be funded;

(c) a statement as to compliance with subsection 59.1 (1); and

(d) any other information that is prescribed.”

Comments

Development Charge Eligible Cost Analysis

The nature of capital projects and timing identified when the Development Charge By-law and amending By-law 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 Development Charge By-law and amending By-law applies to most new residential and non-residential development on lands within the boundaries of Oxford County.

Development Charges (DC) revenues are allocated toward growth-related costs, including growth-related studies, services related to a highway, ambulance services, waste diversion, library services, and water and wastewater services within a geographic area defined in the by-law. County Development Charge By-law 6639-2024, enacted under the authority of the *DCA*, came into effect on June 13, 2024 and was subsequently amended by By-law 6709-2025 on February 26, 2025. The 2025 allocation of development charge reserve funds meets or exceeds the requirements for prescribed services (water, wastewater and roads) as set out in Section 35 of the *DCA* (Use of Reserve Funds).

As part of this by-law amendment, Long-term Care Development Charge was removed and \$531,752 was transferred to the Long-term Care Future Capital Reserve for future capital growth projects.

Development Charge Exemptions and Discounts

Notwithstanding statutory exemptions set out in the *DCA*, 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 the 2025 reporting year, the cost of statutory and non-statutory development charge exemptions and discounts funded by taxation are illustrated in Table 1. Although the non-statutory exemption for Industrial buildings was removed effective February 25, 2025 certain developments are still eligible for the exemption based on applicable rate freeze dates identified under Section 26.2 of the *DCA*.

Table 1 – 2025 Development Charge Exemptions

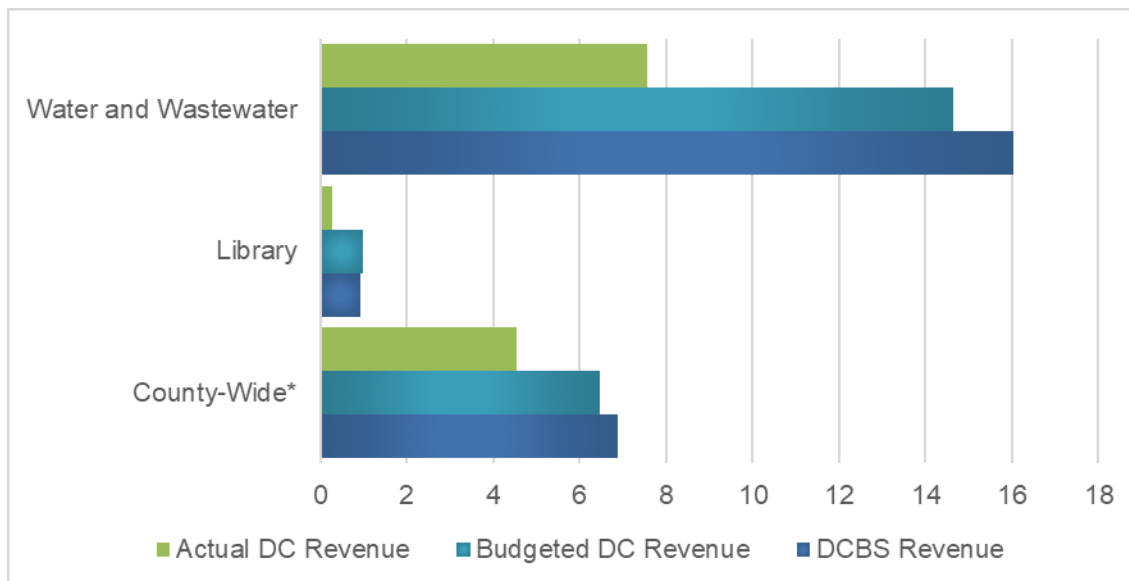
Exemption	County	Library	Water	Wastewater	Total
Industrial buildings	\$59,971	\$56	\$62,778	\$75,111	\$197,916
Affordable housing	75,564	-	41,182	74,123	190,869
Educational	14,699	550	9,090	12,533	36,871
Municipal	18,533	914	3,739	764	23,950
Rental discounts	5,203	177	2,911	5,057	13,348
Additional Residential Units	414,456	45,136	235,501	356,982	1,052,075
Subtotal Statutory	588,426	46,833	355,200	524,570	1,515,029
Industrial buildings	1,494,688	24,985	1,247,030	1,785,159	4,551,862
Farm buildings	117,110	5,800	-	-	122,910
Private schools	10,998	542	7,476	24,019	43,035
Lands in CBD and ED ¹	3,514	-	2,200	3,628	9,342
Subtotal Non-Statutory	1,626,310	31,327	1,256,706	1,812,806	4,727,149
Total	\$2,214,736	\$78,161	\$1,611,906	\$2,337,375	\$6,242,178

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

Revenue Analysis

The 2024 DC background study (DCBS) included cash flow calculations undertaken by service for both residential and non-residential, which includes developer funded revenue and self-funded revenue related to exemptions. To determine overall budgeted revenue staff adjust cash flow projections where recent trends suggest anticipated revenue will differ from that included in the background study. Figure 1 illustrates the breakdown of revenue collections by service component.

Figure 1 – 2025 Budgeted DC Revenue versus 2025 Actual DC Revenue (\$ Millions)



* County-Wide DC revenue includes services related to a highway, waste diversion, land ambulance, growth-related studies and long-term care.

The funding sources of the 2025 DC revenues are:

- \$6.1 million or 50% developer paid DC levies;
- \$1.5 million or 12% tax supported statutory (legislated) DC exemptions and
- \$4.7 million or 38% tax supported discretionary (Council approved) DC exemptions.

In total, approximately \$22.11 million in DC revenue was budgeted in 2025, however actual revenue was \$12.37 million (56% of the projected revenue). A similar shortfall is anticipated for 2026, increasing the risk of funding growth-related infrastructure projects in the near term and potentially increasing the need for debenture financing. The nature and timing of growth-related capital projects will be re-assessed during every capital budget cycle as needs evolve.

Indexing

The County schedule of Development Charges is adjusted annually as of June 13, using the most recent 12-month change in the Statistics Canada Non-residential Building Construction Price Index in accordance with Section 7 of O. Reg. 82/98. On August 1, 2025 the Province filed O. Reg. 164/25 which added a London Index that could be used over the Toronto Index, to

allow municipalities closer to the London area to use an index more reflective of local cost conditions.

Oxford County Development Charge By-law 6639-2024 provides for annual indexing based on the most recent 12-month change in the index, but does not specify the geographical index, allowing the County to apply the most appropriate index. Historically, the County has used the Toronto Index as more relevant over the Ottawa-Gatineau Index (previously the only two options available). While Q1 2026 rate is not yet available, the Q4 2025 year-over-year increase was 3.6% for Toronto and 9.9% for London. Staff recommend adopting the London index beginning with the June 13, 2026 indexing. Given Oxford County's proximity to London and the intent of O. Reg. 164/25 to allow use of a more regionally representative index, staff consider the London series to be the most appropriate index for annual development charge indexing.

Once the Q1 2026 rate is available, the schedule of charges will be updated and posted on the County's website. Charges for residential development are set by unit type (single and semi-detached dwelling units; apartments; and other multiples) while charges for non-residential development are levied per square meter of gross floor area. The total County charge is the county-wide charge plus the applicable area-specific charges for water and wastewater services.

Development Charge Reserve Allocation

In accordance with Section 35 (2) of the DCA *"a municipality shall spend or allocate at least 60 per cent of the monies that are in a reserve fund for the following services at the beginning of the year:*

- 1. Water supply services, including distribution and treatment services.*
- 2. Waste water services, including sewers and treatment services.*
- 3. Services related to a highway as defined in subsection 1 (1) of the Municipal Act, 2001 or subsection 3 (1) of the City of Toronto Act, 2006, as the case may be."*

Attachment 1 illustrates that at least 60% of water, wastewater, and services related to a highway DC reserve funds are spent or allocated to projects within the 10-year capital planning horizon.

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 DCA, to cash flow the capital costs of the project and is repaid by the future DC collections. There was no debt issued for unfinanced DCs in 2025. Anticipated debenture requirements for the growth-related portion of ongoing projects include:

- Lansdowne Sanitary Pumping Station - \$2,529,000 (2026)
- Mt Elgin Wastewater Treatment Plan Expansion Phase 3 and 4 - \$3,495,000 (2026)
- Woodstock North-East Industrial Park Water Expansion - \$2,375,767 (2026)
- Plattsville Wastewater Treatment Plant Operational Enhancements - \$1,200,000 (2028)
- Thamesford Wastewater Treatment Plant – up to \$6,500,000 (2028)
- Embro CT Enhancement Study - \$660,000 (2028)

Canada-Ontario Partnership to Build and Development Charge Reductions

On March 30, the federal and provincial governments signed the Canada-Ontario Partnership to Build, an initiative designed to accelerate housing construction and infrastructure delivery across Ontario. An element of this partnership is a temporary reduction in development charges by up to 50% over three years. Municipalities that implement the reductions are expected to be eligible to apply for funding through the \$8.8 billion Build Communities Strong Fund using an application-based process. At the time of writing this report, no program details have been provided by the federal or provincial government. Staff will continue to monitor the program as further details are released in order to determine the potential applicability and impacts on Oxford County.

CONCLUSIONS

Growth-related capital projects were funded using development charge revenues based on 2025 actuals for projects identified in the Development Charges Background Study. Staff recommend using the London Non-Residential Building Construction Price Index for the June 13, 2026 development charge indexing, as it is more representative of local conditions given Oxford County's proximity to London.

This report meets the annual financial reporting requirements as set out in the *DCA*.

SIGNATURES

Report author:

Original signed by

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Departmental approval:

Original signed by

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Director of Financial Services

Approved for submission:

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ATTACHMENTS

Attachment 1 – Development Charge Reserve Funds Continuity Statement, December 31, 2025
Attachment 2 – Growth-Related Projects Funding Sources, 2025