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To:	General Committee
Subject and Ward(s):	FIN013-25, Development Charge By-Law Amendment (Wards - All)
Date:	August 13, 2025
Department Head Approval:	C. Smith, Interim Director of Finance
Executive Management Approval:	J. Schmidt, General Manager of Community and Corporate Services
CAO Approval:	M. Prowse, Chief Administrative Officer

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## **Recommendation(s):**

1. That Development Charge By-law 2023-074 be amended to incorporate the Provincial grant funding into the calculation of development charge rates, resulting in a corresponding reduction to the applicable rates;
  2. That Development Charge By-Law 2023-074 be amended to remove the requirement that the “Hard Services” component be paid at the time of entering into a Subdivision Agreement;
  3. That Development Charge By-Law 2023-074 be amended to remove the provision requiring the imposition of interest on future installment payments; and
  4. That the Development Charge By-Law 2023-074, as amended in Appendix A attached to staff report FIN013-25, be adopted.
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## **Executive Summary:**

### **Purpose of this report is to amend the City’s current DC By-law (2023-074)**

The purpose of this report is to propose amendments to the City’s Development Charge (DC) By-law 2023-074 to reflect two significant Provincial grants that have been received to support growth-related infrastructure, which will result in a reduction of the current development charge rates.

In addition, this report proposes removing the requirement for the upfront collection of development charges at the Subdivision Agreement stage and the elimination of interest on future instalment payments to ensure alignment with the City’s new proposed

## **Key Findings:**

### **Staff recommend lowering DC rates to allow for grants received**

The City recently secured two infrastructure grants totaling \$53.5 million from the Ministry of Infrastructure (Ontario) to support the following growth-related projects:

- **Housing Enabling Core Servicing Grant - \$18,563,312**
  - EN1261 – Yonge Street ROW Expansion – Mapleview to Lockhart
  - EN1271 – Mapleview Dr. E. Road Expansion – Yonge to Prince William
- **Housing Enabling Water Systems Fund Grant - \$34,973,624**
  - EN1255 – Huronia Road Interim Improvements and Sanitary Sewer – Lockhart to McKay
  - EN1256 – McKay Road Improvements, Sanitary and Watermain Works – Hwy 400 to Huronia

At the time the City's DC Background Study was completed in 2023, it was not known that these grants would be received to help offset the costs of these two projects. The anticipated costs of growth-related infrastructure directly influence the DC rates charged to developers.

### **Reduction in DC rates varies depending on location and type of development**

With recent legislative changes now allowing a municipality to amend an existing DC By-law to reduce rates without following the full statutory process typically required for DC By-law amendments, it is recommended that Council consider amending the City's DC By-law to account for these two grants.

Incorporating the grant funding into the DC calculations would result in a reduction in the overall DC rates. The maximum reduction is seen on a single family detached home in the Salem/Hewitt's secondary plan area. Both grants would impact this area and would see the DC rate drop from \$122,262 to \$119,430, a reduction of \$2,831.

Smaller reductions are seen in the Former Boundary area, as only the grant for the Housing Enabling Core Services Program applies to this area. The impact seen for a similar home in the Former Boundary area would be a reduction from \$109,997 to \$109,547, around \$450.

Further details on the impacts resulting from the reduction in grant funding can be found in the Financial Implications section of this report.

This amendment will ensure that the benefit of the grant funding is appropriately reflected in the City's DC rates, thereby supporting fairness and transparency in the collection of development charges.

## DC deferral report recommends DC by-law changes

Council is scheduled to consider Development Charge Deferral Policy FIN-25-010 at its meeting on August 13, 2025. If adopted, the Deferral Policy would allow all developments to defer development charges to the earlier of first date of occupancy or two years from the date of Building Permit issuance, with no interest applied during the deferral period. The Policy is intended to be implemented as a 12-month pilot project, with Council retaining the option to extend the term of the Policy prior to its expiry.

In alignment with the intent of the DC Deferral Policy, it is recommended that Council consider amending the City's Development Charges By-law to:

- repeal the requirements that the "Hard Services" component be paid at the time of entering into a Subdivision Agreement
- repeal the provision requiring the imposition of interest on future installment payments

These amendments would ensure consistency between the By-law and the principles established under the proposed DC Deferral Policy, providing clarity and certainty for developers while supporting the City's approach to encouraging development and growth.

### Financial Implications:

The removal of the requirement that the "Hard Services" component be paid at the time of entering into a Subdivision Agreement will primarily result in delayed cash inflows to the City. It is anticipated that DC revenues over the next 2 to 3 years will be significantly affected by both the City's deferral policy and forthcoming amendments to the Development Charges Act. To address this impact, the City may need to rely on additional borrowing or consider delaying the initiation of certain capital projects.

The proposed DC rate reductions will ensure that the rates more accurately reflect the true cost of the associated growth-related infrastructure. The rate comparisons and ultimate reductions are as follows:

Former Boundary	Old rate	New rate	Reduction \$
Single and Semi-Detached Dwelling	109,997	109,547	450
Other Multiples	82,435	82,098	337
Apartments - 2 Bedrooms +	68,839	68,557	282
Apartments - Bachelor and 1 Bedroom	44,746	44,563	183
Special Care/Special Dwelling Units	34,420	34,279	141
Retail (per m <sup>2</sup> of Gross Floor Area)	582.62	579.66	2.96
Non-Retail (per m <sup>2</sup> of Gross Floor Area)	339.88	338.17	1.71
Retail (per ft <sup>2</sup> of Gross Floor Area)	54.03	53.75	0.27
Non-Retail (per ft <sup>2</sup> of Gross Floor Area)	31.52	31.36	0.16

Salem/ Hewitt's		Old rate	New rate	Reduction \$
Single and Semi-Detached Dwelling		122,262	119,430	2,831
Other Multiples		91,627	89,505	2,122
Apartments - 2 Bedrooms +		76,515	74,743	1,772
Apartments - Bachelor and 1 Bedroom		49,735	48,583	1,152
Special Care/Special Dwelling Units		38,257	37,371	886
Retail	(per m <sup>2</sup> of Gross Floor Area)	699.58	680.12	19.46
Non-Retail	(per m <sup>2</sup> of Gross Floor Area)	372.70	364.29	8.41
Retail	(per ft <sup>2</sup> of Gross Floor Area)	64.87	63.07	1.80
Non-Retail	(per ft <sup>2</sup> of Gross Floor Area)	34.56	33.78	0.78

## Alternatives:

The following alternatives are available for consideration by General Committee:

Alternative #1 – Committee could choose to not endorse Recommendation 1, letting the impact of the grants take effect at the next DC bylaw update.

This alternative is not recommended as it is not an equitable use of the grants provided. Current developers, who are building now, should be provided with the assistance of lower DC rates.

Alternative #2 - Committee could choose to not endorse any of the above recommendations.

This alternative is not recommended as the recommendations are in line with the Mayoral Direction to implement a program to incentivize development projects to move forward in an expeditious way.

## Strategic Plan Alignment:

Affordable Place to Live	X	Encourage a range of housing options to make housing attainable  Open for business environment to help encourage job creation
Community Safety		
Thriving Community		
Infrastructure Investments		
Responsible Governance	X	Ensure accountability

## **Additional Background Information and Analysis:**

### **Bill 17 allows certain amendments to DC By-Law without a new background study**

The *Development Charges Act*, sets out the statutory process required to amend or enact a Development Charges (DC) By-law.

Under the typical process, to pass or amend a DC By-law, a municipality must:

- Prepare a Development Charges Background Study;
- Pass the DC By-law within one year of completing the Background Study;
- Hold at least one public meeting prior to passing the DC By-law;
- Allow any person or organization to appeal the DC By-law; and
- Where appeals are submitted, participate in Tribunal hearings resulting in a final decision.

However, Bill 17, which received Royal Assent on June 5, 2025, permits municipalities to amend an existing DC By-law without following the full statutory process outlined above, provided that the sole effect of the amendment is to:

19 (1.1)

- (a) *repeal a provision specifying the date on which the by-law expires or to amend such a provision to provide for the by-law to expire on a later date;*
- (b) *repeal a provision providing for the indexing of a development charge or to amend such a provision to provide for a development charge not to be indexed; or*
- (c) *decrease the amount of a development charge that is payable for one or more types of development in the circumstances specified in the amendment. 2025, c. 9, Sched. 4, s. 3.*

Where these limited conditions are met, municipalities are not required to complete a new Background Study, hold a public meeting, or provide for appeal rights related to the amendment.

This streamlined process is intended to enable municipalities to implement Provincial funding adjustments or other downward revisions more efficiently, while continuing to align with the intent of the Development Charges Act.

### **Notice**

- (1.2) *The clerk of a municipality that passed an amendment referred to in subsection (1.1) shall give written notice of the passing of the amendment and subsections 13 (2) to (4) apply, with necessary modifications, to the notice. 2024, c. 16, Sched. 6, s. 2 (2).*

**Consultation and Engagement:**

There was no public consultation required in relation to this Report.

**Environmental and Climate Change Impact Matters:**

There are no environmental and/or climate change impact matters related to the recommendation.

**Appendix:**

Appendix A – Amendment to Development Charges By-Law 2023-074

**Report Author:**

Marc Villeneuve, Supervisor of Development Charges, Finance

**File #:**

C11

**Pending # (if applicable):**

Not Applicable.