



**FINANCE DEPARTMENT  
MEMORANDUM**

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**TO: MAYOR A. NUTTALL AND MEMBERS OF COUNCIL**

**FROM: M. VILLENEUVE, SUPERVISOR OF DEVELOPMENT CHARGES, EXT. 4503**  
**C. GILLESPIE, SENIOR MANAGER OF CORPORATE FINANCE AND INVESTMENTS, EXT. 5743**  
**C. MILLAR, CHIEF FINANCIAL OFFICER AND TREASURER, EXT. 5130**

**NOTED: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER**

**RE: BILL 185 – DEVELOPMENT CHARGES IMPLICATIONS**

**DATE: JUNE 19, 2024**

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The purpose of this Memorandum is to provide members of Council with information related to recent legislative changes and impacts to development charges because of *Bill 185 – Cutting Red Tape to Build More Homes Act, 2024*.

**Background:**

On April 10, 2024, the provincial government introduced Bill 185, the Cutting Red Tape to Build More Homes Act, 2024, which proposed amendments to 15 Acts. The Bill was passed and received Royal Assent on June 6, 2024.

The key changes to the Development Charges (DC) Act include the following:

- Repeal of the mandatory 5-year phase-in
- Reduction of the frozen rates period from 24 months to 18 months
- Inclusion of certain studies in the eligible list of capital costs

This memo aims to provide a summary of these changes.

**Repeal of the mandatory 5-year phase-in**

Bill 23 introduced changes to the DC Act, mandating a gradual increase in the maximum development charges over the first four years of a new DC By-Law's enforcement, reaching the full rate in the fifth year. Specifically, in the first, second, third, and fourth years of the By-Law's implementation, development charges could not exceed 80%, 85%, 90%, and 95% of the full charge, respectively.

During the DC background study, the City's consultants assessed the potential impact of the phased-in approach on the City's finances, considering the anticipated growth over the coming years. They estimated a loss of approximately \$125 million in DC collections over the five-year period. However, with the passing of Bill 185, the phased reductions for the remaining term of the bylaw have been repealed, with the full charges now in effect.

**Reduction in frozen rates from 24 months to 18 months**

The concept of a statutory "freeze" on development charges was introduced by Bill 108, the More Homes, More Choice Act, 2019. Under the current DC Act, an applicant's development charges can be "frozen" as of the date a complete application for a zoning by-law amendment or site plan approval (whichever occurs later) is submitted.



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This freeze remains in effect as long as building permits are issued and the relevant development charges are paid within the "prescribed amount of time," which was initially set at two years from the approval of the relevant planning application. The current legislation reduces this "prescribed amount of time" to 18 months.

**Inclusion of certain studies in the eligible list of capital costs**

In 2022, Bill 23 amended the DC Act to exclude certain study costs from the list of eligible capital costs. The in-force legislation reverses the Bill 23 changes, thereby allowing municipal authorities to include study costs once again in the calculation of their development charges.

This would require an amendment to the DC bylaw, however, Bill 185 allows such an amendment to occur without opening the bylaw if it is passed within 6 months of Bill 185 receiving Royal Assent.

**Next steps**

City staff will bring forward an updated report in the Fall for council's consideration regarding the reduction in frozen rates and the inclusion of studies.