

DATE: June 21, 2021

REPORT NO: T-17-2021

SUBJECT: **Development Charges 2020 Treasurer's Annual Statement**

CONTACT: Donna DeFilippis, Director of Finance and Treasurer

OVERVIEW:

- Schedule A summarizes the activity within the Township's Development Fund Reserves for 2020

RECOMMENDATION:

- (1) That, report T-17-2021, regarding "Development Charges 2020 Treasurer's Annual Statement" dated June 21, 2021, be received for information; and,
- (2) That, report T-17-2021 and Schedule A be posted on the Township website.

ALIGNMENT TO STRATEGIC PLAN:

Theme #1, 3, 5 and 6

- **Theme #1: Strong Transportation Connections-** Development Charges provide funding for projects that have a growth component
- **Theme #3: Strategic, Responsible Growth –** Development Charges act as a key funding component available to meet the infrastructure requirements brought on by growth
- **Theme #5: Community Health and Safety-** Development Charges provide funding for projects that have a growth component
- **Theme #6: Efficient, Fiscally Responsible Operations-**preparation and presentation of this report will ensure that the Township is in compliance with legislated reporting obligations.

BACKGROUND:

Section 43(2) of the *Development Charges Act* (DCA) prescribes the information that must be included in the Treasurer's annual statement. The requirements are as follows:

- Opening and closing balances of the Reserve Funds
- All transactions in the fund
- Identify all assets funded by Development Charges (DCs) and how the portions not funded by DCs were funded

- A statement from the Treasurer that the Township is in compliance with section 59.1(1) of the *Development Charges Act* (DCA)
- This statement must be available to the public.

Section 59.1 of the Development Charges Act specifically prohibits municipalities from imposing additional payments on developers or requiring construction of a service unless specifically authorized under the DCA or another Act. This provision does not affect a municipality's right to include conditions for installation or payment for local services but is intended to close the door on other "voluntary" payments that may have been sought by municipalities outside the legislative framework. The importance that the province places on this new section is reinforced by (a) requiring that the Treasurer's report must now include a statement confirming that the municipality is in compliance with Section 59.1(1); and, (b) granting extensive investigative powers to the Minister of Municipal Affairs and Housing to investigate whether a municipality is in compliance. The Township of West Lincoln is in compliance with section 59.1(1) of the *Development Charges Act*.

CURRENT SITUATION:

Development charges are one-time fees collected on new residential and non-residential properties to finance a portion of the capital infrastructure requirements associated with growth. Amounts collected are held in the designated Development Charge Reserve Fund account and accumulate interest. The growth-related spending authority is approved annually as part of the Township's budget process with capital projects included in the current background study being eligible for development charge funding.

Bill 108, *More Homes, More Choice Act, 2019* received Royal Assent on June 6, 2019. Schedule 3 of the Act makes amendments to the *Development Charges Act*, however, none of those amendments impact the above sections of the Act, and thus there have been no changes made to the reporting requirement.

The statement (Schedule A) provides a summary of the financial activity of the various Development Charge Reserve Funds for the year ending December 31, 2020. Revenues consist of contributions collected at the time of building permit issuance, plus interest earned in the fiscal year. Transfers for funding are made in accordance with the Township's 2019 Background Study in support of the Development Charge By-law 2019-51. The closing balance as at December 31, 2020 represents the cash balance in the Development Charge Reserve Account.

The Township received notice in August 2019 that Development Charge By-Law 2019-51 was appealed to the Local Planning Appeal Tribunal (LPAT). A representative from LPAT conducted a mediation session on Thursday, November 26, 2020 between the Township and the Appellant. These proceedings resulted in the reduction of the development charges on roads, storm-water, wastewater and water services. The 2019 Development Charge for a rural single-family dwelling was reduced to \$10,233 from \$11,006 and the 2019 Development Charge for an urban single-family dwelling was reduced to \$11,778 from \$14,853.

The Capital Projects within the background study that were modified as a result of this settlement have not been completed and this decision has not resulted in any change to the Township's Financial Statements. The Township is obligated to return any overpayments related to amounts collected and plans to have this process completed by early fall. It is important to note that Development Charges collected are not considered revenue to the Township until they are used to fund a capital project. Up to that point they are accounted for as a deferred revenue, which appears as a liability on the Township's Financial Statement. At this point, the amounts to be returned are estimated to total \$232,300 and is broken down as follows:

- Road Services- \$60,400
- Storm Sewer Services - \$47,700
- Water Services - \$88,300
- Wastewater Services - \$35,900.

FINANCIAL IMPLICATIONS:

Development Charges (DCs) are fees collected which assist in financing a portion of capital requirements as they relate to growth. The Development Charge By-law sets the fees for collection at the building permit stage. These DC fees are collected and deposited into the separate Development Charge Reserve Funds in accordance with legislative requirements. Interest accrues on these funds and draws are made for eligible capital expenditures. DC's are a form of financing for capital as it relates to growth and such fees are governed under the *Development Charges Act*. There is no financial impact to receiving this report.

INTER-DEPARTMENTAL COMMENTS:

This report was reviewed by the CAO.

CONCLUSION:


It is recommended that the Development Charge Reserve Fund Activity Report for the year ended December 31, 2020 (Schedule A) be received and posted on the Township's website.

Prepared & Submitted by:



Donna DeFilippis, Director of Finance

Approved by:



Bev Hendry, CAO