

**DATE:** June 20, 2022  
**REPORT NO:** T-14-2022  
**SUBJECT:** **Development Charges 2021 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 2021

**RECOMMENDATION:**

1. That, Information Report T-14-2022, regarding "Development Charges 2021 Treasurer's Annual Statement", dated June 20, 2022 be received for information; and,
2. That, staff post report T-14-2022 and Schedule A on the Township's 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 complies 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 complies 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.

The statement (Schedule A) provides a summary of the financial activity of the various Development Charge Reserve Funds for the year ending December 31, 2021. Transfer into the reserve 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, 2021 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, and wastewater and water services. These proceedings required the Township to issue refunds in 2021 totaling \$303,604 as follows:

- Road Services- \$81,863
- Storm Sewer Services - \$62,202
- Water Services - \$111,573
- Wastewater Services - \$47,966

The amounts refunded came from the applicable reserves and did not have any impact on the Township's operating results.

In 2021, Development Charges were collected on 51 applications as follows:

- 35 for Multiple Dwellings
- 12 for Single Family and Semi-Detached
- 3 for Non-residential
- 1 for Apartment (2<sup>nd</sup> dwelling)

Forty of the builds were within the Urban Boundary, which includes a charge for Water, Wastewater and Storm services, applications in the rural area of the municipality do not pay Development Charges for those services.

**FINANCIAL IMPLICATIONS:**

Development Charges (DCs) assist in financing a portion of growth related capital requirements and are legislated through the *Development Charges Act*. The DC By-law sets the fees for collection at the building permit stage. Fees are deposited into separate DC Reserve Funds in accordance with legislative requirements. Interest accrues on these funds and draws take place to fund eligible capital expenditures. Development Charges are revenue once funds are transferred to finance an approved Capital project. There is no financial impact to receiving this report.

**INTER-DEPARTMENTAL COMMENTS:**

The CAO has reviewed this report.

**CONCLUSION:**

It is recommended that the Development Charge Reserve Fund Activity Report for the year ended December 31, 2021 (Schedule A) be received and posted on the Township's website.

**Prepared & Submitted by:**



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Donna DeFilippis, Director of Finance

**Approved by:**



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Bev Hendry, CAO