

Committee of the Whole (2) Report

DATE: Tuesday, June 17, 2025

WARD(S): ALL

**TITLE: 2024 DEVELOPMENT CHARGE RESERVE AND SPECIAL
RESERVE STATEMENT**

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: FOR INFORMATION

Purpose

To provide Council with the 2024 Development Charges Reserve Fund Statement, Special Account Statement for Increased Height and Density (Section 37) payments, and Statement for Cash-in-Lieu Parkland.

Report Highlights

- The *Development Charges Act, 1997* and the *Planning Act* require that the Treasurer of the municipality provide to Council, annually, a statement relating to Development Charges, Increased Height and Density (Section 37) and the Cash-in-Lieu of Parkland reserve funds and a listing of development charge/Lot levy credits.
- The development charges reserve funds consolidated opening balance for 2024 was \$529.8 million. The City collected \$108.8 million in development charges collection revenues, \$23.2 million in interest revenue and funded \$104.1 million in capital projects. The consolidated ending balance was \$557.7 million, before commitments, as of Dec. 31, 2024.
- The City collected \$13.9 million in cash-in-lieu parkland revenue and spent \$1.5 million in 2024. The ending balance of the cash-in-lieu parkland reserve fund was \$90.1 million as of Dec. 31, 2024.

Report Highlights continued

- The City received \$2.8 million in revenues through Section 37 agreements during 2024 and spent \$0.2 million in 2024. The closing balance as of Dec. 31, 2024 was \$33 million.
- No collections under the new Community Benefits Charge have been received in 2024.
- In compliance with the *Development Charges Act*, the City does not impose directly or indirectly a charge related to a development or a requirement to construct a service related to development except as allowed under existing legislative Acts.

Recommendations

1. THAT the 2024 Development Charges Reserve Fund and Special Fund Statement be received for information; and
2. THAT the 2024 Development Charges Reserve Fund and Special Fund Statement be made available to the public, and that a copy be forwarded to the Ministry of Municipal Affairs and Housing on request.

Background

The *Development Charges Act*, 1997 section 43(1) and 43(2) requires the Treasurer of the municipality to provide Council with an annual financial statement relating to development charge by-laws and reserve funds established under the Development Charges Act. Section 12 of the Ontario Reg. 82/98 prescribed the information that must be included in the Treasurer statement under section 43 of the *Development Charges Act*.

The Planning Act Section 42 requires the treasurer of the municipality to provide Council a financial statement relating to the special account set up for Cash-in-Lieu for Parkland under Section 42.

The *Planning Act* Section 37 requires the treasurer of the municipality to provide Council a financial statement relating to the special account for Increased Height and Density/Community Benefits Charge under Section 37.

Previous Reports/Authority

[2023 DEVELOPMENT CHARGE RESERVE AND SPECIAL RESERVE STATEMENT](#) (Committee of the Whole, Item 2, Report No 25, June 25, 2024)

Analysis and Options

The collection of development charges, payments in lieu of parkland and payments from

developers pursuant to a Section 37 agreement are a major source of funding for the City's growth-related capital works.

There are legislative requirements for the Treasurer to provide Council a financial statement relating to the establishment of these reserve funds and the receipt and disbursement of funds during the fiscal year, and to make these statements available to the public. The inclusion of this report on a public agenda, and subsequent posting of the report to the City's website, ensures that this report is available to the public.

The required financial statements were prepared on an accrual basis for goods and services received, however they do not reflect other commitments of funds.

Development Charges Reserve Fund Statements

The *Development Charges Act* outlines specific reporting requirements for development charge reserves. A municipality that has passed a Development Charge by-law shall establish a separate reserve fund for each service to which the development charge relates; and the fund shall be used only to meet growth-related capital costs for which the development charge was imposed. Reporting requirements include identifying all other types of funding applied to each project funded with development charges and providing a detailed summary of the activity for each development charge reserve for the year.

As of Dec. 31, 2024, the consolidated fund balance in the City's development charge reserve funds was \$557.7 million.

The table below summarizes the Development Charges Reserve Fund activities for the period of Jan. 1, 2024 to Dec. 31, 2024.

Table 1: 2024 Development Charge Reserve Balance as of Dec. 31, 2024 (\$million)

	City-Wide Development Charges	Area Specific Development Charges	Total
Opening Balance	\$511.0	\$18.8	\$529.8
Revenues	\$131.4	\$0.6	\$132.0
Expenses	-\$101.9	-\$2.2	-\$104.1
Closing Balance	\$540.5	\$17.2	\$557.7

Note 1: The Revenues and Expenses include interest accruals.

Note 2: Some numbers may not add due to rounding

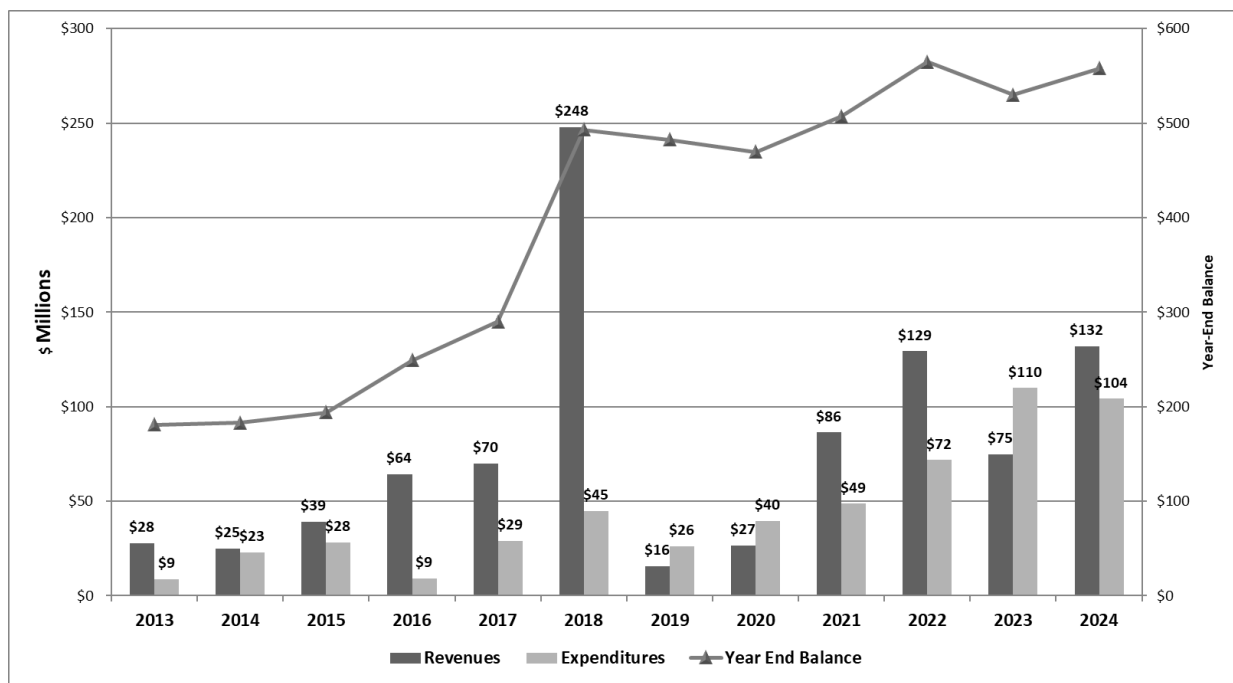
Attachment 1 summarizes the development charges reserve established under the authority of the *Development Charges Act* and the City's Development Charge By-laws. The summary schedule provides a breakdown of the funds collected, interest earned and capital expenditures for each reserve fund. There are detailed schedules for each reserve fund providing capital project details of expenditures processed during 2024, indicating other non-development charge related funding sources.

Attachment 2 provides a description of each service for which the development charge reserve fund was established.

Development charge revenues in 2024 were \$132 million, which was approximately \$28 million greater than 2024 expenditures of \$104.1 million.

Chart 1 illustrates the collections in comparison to previous years. As illustrated in the chart, in 2024 the Development Charges collections rebounded from 2023 due to increased residential condo and industrial developments. Development Charges revenues were \$132 million, consisting of Development Charges collections of approximately \$108.1 million with an additional \$22.7 million in interest revenue assigned to the Development Charges reserves and \$1.2 million in reserve repayment. Draws from the Development Charges reserves in 2024 remain constant over previous years due to the ongoing need to fund growth related infrastructure projects. As a result of increasing revenues above expenditures, the balances in the development charge reserves have increased leaving a consolidated reserve fund balance of \$557.7 million, before commitments, as of Dec. 31, 2024.

Chart 1: 2013-2024 Development Charge Revenues and Expenditures Comparison (\$million)



Amendments to the Act since Jan. 1, 2020 have reduced the amount of development charges the City collects.

Prior to Jan. 1, 2020, Development Charges collected for new developments were only based on Council's approved Development Charge rates in effect at time of subdivision approval or building permit issuance.

Changes to the Act, as the result of Bill 108, More Homes, More Choice Act, 2019, development charges are now collected based on rates in effect at either date of zoning bylaw amendment or site plan application for the development. Also, as of Nov. 28, 2022, further changes to the Act through Bill 23, More Homes Built Faster Act, 2022 require new Development Charge rates to be phased in when a new Development Charges bylaw is passed. The phase-in begins at 80 per cent of the Council's approved rate in the first year, 85 per cent in the second, 90 per cent in the third, 95 per cent in the fourth year and 100 per cent of the rates in the fifth and subsequent years of the bylaw. This change is applicable to any Development Charges bylaw passed on, or after, Jan. 1, 2022, and was therefore applied to the City's 2022 Development Charges Bylaw, passed on June 28, 2022. Additionally, on June 6, 2024, Bill 185, Cutting Red Tape to Build More Homes Act, 2024, reversed some of the changes, specifically the phase in of Development Charge rates, enacted through Bill 23, however lingering impacts from Bill 23 remain in place due to the Development Charge rate freeze provisions.

For 2024, development charges collections were lower by approximately \$14.2 million due to changes to the Act through Bill 108 and Bill 23.

Special Fund Statement on Cash-in-Lieu Parkland and Section 37

The *Planning Act* outlines specific reporting requirements for payments received in lieu of the conveyance of parkland and payments received in consideration of increases in the height or density of proposed developments. In 2022, height and density bonusing provision under Section 37 of the Planning Act was replaced by a new growth funding tool called the Community Benefits Charge within Section 37. In accordance with Sections 37 and 42 of the *Planning Act*, 1990, the following is required:

All money received by the municipality shall be paid into a separate reserve account and spent only for the acquisition of land to be used for park or other public recreational purposes (Cash-in-lieu Parkland), infrastructure and services specified in the agreement (Section 37) or Community Benefit Charges (Section 37).

Reporting requirements include identifying all other types of funding applied to each project funded with Cash-in-Lieu Parkland or Section 37 proceeds and providing a detailed summary of the activity for this special account for the year.

The following table summarizes the reserve activity for these special reserves as of Dec. 31, 2024:

Table 2: 2024 Cash-in-Lieu Parkland and Section 37 Reserve Balance as of Dec. 31, 2024 (\$million)

	Cash in Lieu Parkland	Height and Density Section 37	Community Benefits Charge
Opening Balance	\$77.7	\$30.4	\$0
Revenues	\$13.9	\$2.8	\$0
Expenses	-\$1.5	-\$0.2	\$0
Closing Balance	\$90.1	\$33.0	\$0

Note 1: Some numbers may not add due to rounding

Note 2: Include interest earned

As of Dec. 31, 2024, the Cash-in-lieu Parkland reserve balance was \$90.1 million.

During 2024, \$10.9 million in cash-in-lieu payments were received and the reserve earned \$3.0 million in interest. There was \$1.5 million in capital expenditures for the year. Attachment 3 provides information of the capital expenditures that were funded from the Cash-in-Lieu Parkland reserve fund in 2024.

As of Dec. 31, 2024, the Section 37 reserve balance was \$33 million.

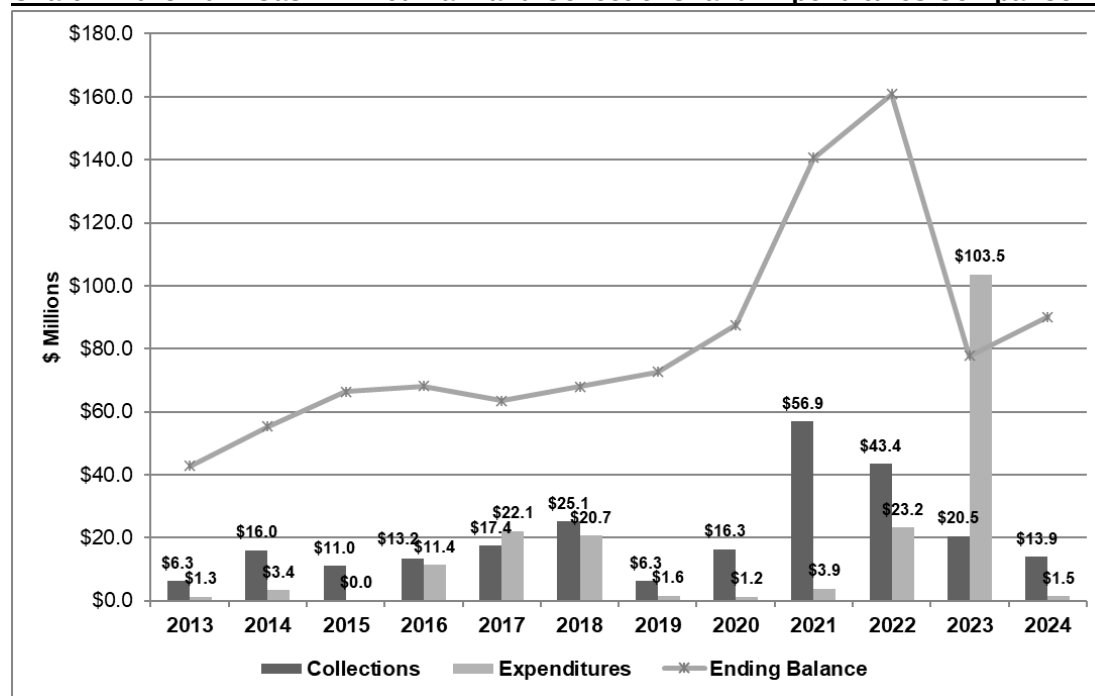
During 2024, \$1.5 million in revenue was received through Section 37 agreements and the reserve earned \$1.3 million in interest. There were \$0.2 million in capital expenditures for the year. Attachment 4 provides information of the capital expenditures that were funded from the Section 37 reserve fund in 2024.

As of Dec. 31, 2024, the Community Benefits Charges reserve had a zero balance.

In September 2022, Council approved a Community Benefits Charge by-law under Section 37 of the Planning Act. This new growth funding tool replaces the Height and Density bonusing under Section 37. In 2024, there was no revenue under the Community Benefits Charge, however collections are expected in future years.

Following chart illustrates Cash-in-Lieu Parkland collections and expenditures for the period of 2013-2024.

Chart 2: 2013-2024 Cash-in-Lieu Parkland Collections* and Expenditures Comparison (\$million)



* Includes interest earned

Financial Impact

Development charges are collected on a city-wide and area specific basis from developers to help fund growth related infrastructure.

Payments received in lieu of conveying parkland within a planned development, are used by the City to fund acquisition of land required for parks and other recreation purposes.

Payments received from developers pursuant to an agreement under Section 37 of the Planning Act are to increase the height and/or density of a proposed development in exchange for a benefit to the community such as enhanced park service levels, streetscaping or public art in intensification areas.

Interest earned on development charges collected and held for future use is apportioned to the various development charge reserves on a proportionate basis and is not used to fund the operations of the City. There are also separate reserves for Payments in Lieu of parkland and payments received as a result of executed Section 37 agreements into which these funds are allocated when received and interest is accrued.

The City issued development charge credits in the fiscal year 2024 in the amount of \$27 thousand as it relates to the Huntington Road Sewer Area Specific Development Charge.

Operational Impact

Not applicable.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

The 2024 Development Charges Reserve Fund and Special Account Statement are provided pursuant to the reporting requirements of the *Development Charges Act, 1997* and the *Planning Act*.

In compliance with the *Development Charges Act* and to the best of staff's knowledge and belief, the City does not impose directly or indirectly a charge related to a development or a requirement to construct a service related to development except as allowed under existing legislative Acts.

For more information, please contact Michael Marchetti, Director, Financial Planning and Development Finance, ext.8271.

Attachments

1. 2024 Development Charge Reserve Fund Statement
2. Description of City Wide and Area Specific Development Charge Reserves
3. 2024 Cash-in-Lieu of Parkland Reserve Fund Statement
4. 2024 Section 37 Reserve Fund Statement

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