



Administrative Report

Office of the Manager, Planning Services

To: Warden MacDonald and Members of Essex County Council

From: Rebecca Belanger, MCIP, RPP
Manager, Planning Services

Date: Wednesday, May 15, 2024

Subject: Advancement of a County Development Charges Study and By-law

Report #: 2024-0515-IPS-R08-RB

Purpose

The purpose of this Administrative Report (the "**Report**") is to advise County Council of the current Request for Proposal ("**RFP**") and intention to advance a County Development Charges Study and associated By-law. Following the finalization of the procurement process including consultant selection, Administration will report back to County Council with additional information including the timing for the Development Charges Study to progress.

Background

The *Development Charges Act, 1997* ("**DCA**"), governs the collection of development charges ("**DCs**"). The intent of DCs is to ensure that infrastructure costs arising from increasing population and employment are fully funded by new development that benefits from the introduction of new services (user-pays approach). DCs have been established to ensure that these costs are not borne by existing residents and businesses through property taxes or water/sewer rates. The *More Homes, Built Faster Act, 2022* (Bill 23) amended the DCA resulting in further limitations on the County's ability to collect DCs for services and growth-related infrastructure. The government has introduced Bill 185, the *Cutting Red Tape to Build More Homes Act, 2023* on April 10, 2024. The Bill proposes to repeal a number of the government's previous legislative changes, including the five-year phase in of new development charges increases introduced in Bill 23, as well as the *Planning Act* application fee refund provisions introduced in Bill 109.

In 2009, as part of the background study for the County Official Plan at that time, the planning consultant recommended the County consider development charges as a method to ensure that developers bore the costs of growth-related needs in the region, rather than burdening residents with the expense.

While development charges were not pursued at the County previously, they were revisited and included as a funding mechanism for regional growth during the County strategic planning process.

Discussion

To date, the County has not had a Development Charges By-law and due to the amount of growth anticipated in the County, it would be appropriate to have the ability to fund growth related services and infrastructure through the levy of fees to the benefitting new development.

The initial phase of this endeavor involves commencing a Development Charges Background Study to establish a strategic roadmap for further action.

The Development Charges Background Study is required under the DCA to include:

- A forecast of the amount, type and location of future development;
- The average services levels provided by the County over the 15-year period immediately preceding the preparation of the background study;
- Capital cost calculations for each of the eligible development charge related services;
- An examination of the long-term capital and operating costs for infrastructure required to service the forecasted development; and
- The asset management plan to demonstrate that all assets included in the study are financially sustainable over the full life cycle.

The County must complete a Development Charges Background Study process to adopt a by-law to collect DCs. The DC Background Study will need to be prepared in concert with local DC By-laws regarding land needs and growth areas as well as attributable services.

The County Development Charges Study will assess County-wide services including library, land ambulance, long-term care, roads and waste diversion. As noted above, the consultant will need to assess any local attributable component of any of these costs, e.g. library local proportion versus County proportion. The majority of the costs will be County-wide services; however, it may be appropriate to consider area specific services

attributable to certain municipalities or large-scale greenfield areas where growth related road improvements will be necessary. The County will be relying on the consultant to make recommendations in this regard.

A project webpage will be established and a public consultation process will be followed in compliance with the *Development Charges Act*. At least one public open house along with a statutory public meeting will also take place prior to adoption of a by-law. The public and in particular the development community will have the opportunity to review the study and by-law and provide any feedback to County Administration and the consultant.

To ensure a structured approach to the Development Charges Study and By-law process we have prepared an anticipated timeline. This includes milestones such as consultant selection by June 2024 and completion of the Background Study and presentation of the draft by-law to County Council within 6-8 months from the selection of the consultant.

Financial Implications

The consultant's fee associated with the Development Charges Study will be funded through rate stabilization reserves, up to a maximum of \$60,000.

Since these funds were not allocated during the 2024 Budget deliberations, the report includes a recommendation for Council to approve this funding source.

As this report solely focuses on the commencement of the Development Charges Study, there are no immediate financial implications. However, the outcomes of the study will inform subsequent decisions and potentially impact the County Budget as well as affect costs incurred by developers.

The detailed financial implications of imposing development charges at the County level will be discussed in the follow up report accompanying the proposed By-Law.

Consultations

Melissa Ryan, Director of Financial Services/Treasurer was consulted on the preparation of this report and will be a key stakeholder and resource allocation to ensure the successful outcome of the initiative.

The seven local municipal Planning Divisions have been advised at a recent Essex County Directors/Managers of Planning Meeting regarding the County direction to undertake a Development Charges Study.

Sandy Pillon, Manager of Procurement & Compliance has been consulted during the preparation of the Request for Proposal.

Recommendation

That Essex County Council receive report 2024-0515-R08-RB regarding the Advancement of a County Development Charges Study and By-law for information; and

That Essex County Council approve the utilization of rate stabilization reserves up to a maximum of \$60,000 to fund the Development Charges Study.

Approvals

Respectfully Submitted,

Rebecca Belanger

Rebecca Belanger, MCIP, RPP, Manager, Planning Services

Concurred With,

Allan Botham

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Concurred With,

Sandra Zwiers

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Appendix	Title
N/A	N/A