



Administrative Report

To: Warden MacDonald and Members of Essex County Council

From: Melissa Ryan, CPA, Director, Financial Services/Treasurer

Date: Wednesday, August 6, 2025

Subject: County Development Charges Initiative Update and Summary of Public Feedback

Report #: 2025-0806-FIN-R21-MR

Purpose

This report provides an update on the County of Essex Development Charges (DC) initiative, summarizes feedback received from public meetings held across the County, and presents administration's responses to key concerns. The report also outlines financial implications of implementing DCs and seeks Council's guidance on elements to include in the draft DC By-law to be presented for consideration later in 2025.

Background

The County of Essex is exploring the adoption of Development Charges as a sustainable funding mechanism to support growth-related infrastructure and services. The Development Charges Act, 1997, enables municipalities to levy fees on new developments to ensure growth pays for the infrastructure it necessitates rather than existing taxpayers.

The County engaged Hemson Consulting Ltd. to conduct a comprehensive Development Charges Background Study, forecasting growth, assessing current service levels, and estimating eligible capital costs for County-wide services, including libraries, land ambulance, long-term care, roads, and waste diversion.

Public information meetings took place across all seven local municipalities between May and June 2025 to inform stakeholders and gather input on the proposed Development Charges initiative. Additionally, dedicated sessions were held with Community and Industry Partners, as well as with Local Treasurers and Planners, to discuss the initiative in detail and collect

targeted feedback. This comprehensive engagement helped gauge the overall sentiment within the County, which is now being reported back to Council.

This initiative aligns with the County's Strategic Plan 2024-2027, aiming to provide reliable infrastructure to support economic growth.

Discussion

Feedback from Public Meetings

The public engagement process for the DC initiative has been extensive, involving multiple stakeholder groups across the County. Public information meetings were held in all seven local municipalities, providing an opportunity for residents, developers, and other interested parties to learn about the proposed DC framework and share their views. In addition to these public sessions, focused meetings with Community and Industry Partners, as well as Local Treasurers and Planners, facilitated more detailed dialogue on specific concerns and technical aspects of the initiative.

The feedback received through the meetings, as well as through email and phone communication, highlighted a range of perspectives and concerns. Common themes included timing and economic conditions, the potential impact of DCs on housing affordability, the relationship between County and local municipal charges, and the importance of transparency regarding how collected funds will be used. Some stakeholders expressed concern that the proposed charges might discourage development or redirect investment to neighbouring jurisdictions, while others sought clarity on exemptions, particularly for industrial development, and how the DC funds align with the County's long-term infrastructure plans.

Some participants recognized that DCs are a necessary tool to ensure sustainable growth and fair cost distribution for infrastructure required to support new development. The initiative's focus on funding key County services such as roads, emergency medical services, and other growth-related infrastructure was generally supported, though stakeholders emphasized the need for continued communication and clarity throughout the process.

Two formal letters of feedback were also received, one from the Town of LaSalle and one from the Windsor Construction Association and the Heavy Construction Association of Windsor (WCA/HCAW). The WCA/HCAW letter was also submitted to the Town of LaSalle and Town of Tecumseh. These

letters reiterated several of the same themes heard throughout the broader consultation but raised a few additional points of emphasis. LaSalle expressed concern that the timing of the DC initiative was premature given that the County Road Rationalization and Master Plan studies are still underway. They also requested stronger consultation with municipal administrations earlier in the process and flagged potential equity concerns for high-growth municipalities contributing a large portion of DC revenue. The WCA/HCAW raised similar concerns and emphasized the need for clearer alignment between DC-funded projects and regional growth priorities.

In response, administration emphasizes that the current initiative remains in the consultation phase. While formal engagement began after the release of the draft of the background study, all seven municipalities were engaged through meetings, technical staff discussions, and working group input. The DC model remains subject to refinement as additional studies are completed, and feedback is being actively incorporated into the draft By-law that is planned to be presented in October 2025.

A detailed summary of the feedback received, along with the County's responses, is provided in Appendix A. Appendix B, a document from AMO outlining common myths and realities about DCs, is also included to help address some of the comments we received. Together, these appendices respond to key concerns and help clarify the purpose and workings of the Development Charges initiative, highlighting how it supports the County's broader growth management strategy. Formal letters from the Town of LaSalle and the Windsor Construction Association/Heavy Construction Association of Windsor are included in Appendix F for reference.

Exemption Options for Consideration in the Draft By-law

It is important to recognize that certain exemptions under the Development Charges Act (DCA) are mandatory and non-negotiable for all municipalities. These provide a baseline that municipalities must follow, while still allowing some flexibility to tailor DC policies to local priorities.

Mandatory Provincial Exemptions and Discounts (Mandatory):

- Industrial building expansions
- Long term care homes
- Additional residential units in certain circumstances
- Affordable housing

- Non-profit housing
- Units in existing rental residential buildings
- Municipalities and school boards

In addition to exemptions, the DCA provides mandatory discounts for purpose built rental housing.

Discretionary Exemptions (Municipal Choice):

Municipalities may elect to offer exemptions or reduced charges for certain types of development, such as:

- Local definition of affordable housing projects
- Specific expansions or redevelopment projects
- Certain industrial or commercial developments aligned with local economic strategies

Municipalities can also provide exemptions on a geographic basis. They can also phase-in DC rates over a period of time.

Details on mandatory and discretionary exemptions provided by the seven local municipalities in Essex County, as well as the City of Windsor and the Municipality of Chatham-Kent are provided in Appendix C.

Definition and Calculation of “Affordable Housing” (Under the Act)

Affordable housing generally refers to housing where the price or rent is affordable to households earning below a specified percentage of the area median income—commonly set at 80% or less. While municipalities can define affordable housing categories consistent with provincial guidelines and local housing strategies, the following are key considerations:

- Affordability is based on income thresholds relative to housing costs (rent or purchase price).
- Eligibility may include programs such as rent-geared-to-income or subsidized housing.
- This definition guides which developments qualify for DC exemptions or reductions.

For context, Appendix C provides details about how the DCA defines affordable housing for the purpose of the statutory exemption. Appendix D

provides information on the average cost of housing in the Windsor-Essex area. As shown, the average house price is already well above the affordable housing threshold, suggesting that the introduction of DCs is unlikely to impact affordability. In most cases, DCs represent only a small percentage of the overall cost of a home.

Municipal Options for County Council Consideration

Building on the mandatory provincial framework, Council may consider the following options to balance infrastructure funding needs with public concerns and economic realities:

1) Phased-In Implementation of DCs

- **Description:** Gradually introduce DCs over a set period (e.g., 3–5 years) to ease immediate financial pressures on developers and the housing market.
- **Benefits:**
 - Mitigates market shock and allows adjustment time.
 - Provides a smoother transition for developers and municipal administration.
 - Addresses affordability concerns raised by stakeholders.
- **Considerations:**
 - Requires clear timelines and communication plans.
 - Will delay receipt of some necessary infrastructure funding. A detailed breakdown of the financial impacts of a phased-in approach can be found in Appendix E.

2) Exemptions or Reduced Charges for Affordable Housing

- **Description:** Implement partial or full DC exemptions for developments meeting affordable housing criteria, in alignment with provincial definitions and local policies.
- **Benefits:**
 - Encourages the creation of affordable units.
 - Supports community social equity goals.
- **Considerations:**
 - Requires robust eligibility verification processes.

- Potential reduction in DC revenue, necessitating alternative funding strategies.

3) Exemptions for Large Industrial or Employment Lands

- **Description:** Consider DC exemptions or reductions for large-scale industrial developments or designated employment lands to support economic development.
- **Benefits:**
 - Attracts and retains key employers.
 - Promotes local job creation and economic growth.
- **Considerations:**
 - Must balance economic incentives with infrastructure funding requirements.
 - Ongoing monitoring needed to ensure compliance with exemption criteria.

Administration is recommending that any exemptions or incentives for industrial and large industrial developments be handled through the County's upcoming Community Improvement Plan (CIP), rather than built into the Development Charges (DC) By-law. The CIP, which is expected to be finalized by the end of 2025, will provide a more flexible and targeted way to offer incentives. This approach keeps the DC By-law straightforward and consistent, while still giving Council a way to support economic development priorities through a separate program.

Next Steps and Timeline

Based on the original approved motion, the consultants will be presenting a draft Development Charges (DC) By-law to County Council at a public meeting. Administration will return in October with the draft By-law for Council's consideration.

Over the coming months, the consultants and administration will review all feedback received from both the public and County Council to help inform the final version of the By-law. This includes a review of key assumptions used in calculating the proposed charges, as well as expenses that formed the basis of the DC calculation. If any changes are warranted based on this review, they will be reflected in the draft By-law.

It is also worth noting that several items detailed in Bill 17 are currently in the consultation phase. While changes are possible, the consultants' recommendation is to proceed under the current legislation, as it is anticipated that any changes would be grandfathered for municipalities already well underway in their DC process. The timing and final outcome of Bill 17 remain uncertain, as although it has received Royal Assent, many key provisions affecting the County DC process are awaiting regulatory change. Any material legislative changes will be reviewed once finalized, and administration will bring forward any necessary updates at that time.

The letters from LaSalle and the Windsor Construction Association/Heavy Construction Association of Windsor will also be reviewed in detail as part of the draft by-law preparation process. Administration will assess their feedback in context with all other submissions to determine if additional clarification, engagement, or adjustments are warranted in the final by-law. All formal correspondence has been included in Appendix F for Council's reference.

Financial Implications

The implementation of Development Charges will provide a dedicated and sustainable funding source to support the growth-related infrastructure needs of the County. Without the introduction of DCs, the financial responsibility for these costs would fall directly on existing taxpayers through increased property taxes. Based on current growth projections and planned infrastructure investments, this would result in an estimated increase of approximately \$200 per year per average household (valued at \$350,000) to cover the necessary expansion of County services.

By allocating growth-related costs to new development through DCs, the County ensures a fairer distribution of expenses where those benefiting from new infrastructure contribute accordingly. This user-pay approach helps to protect current residents and businesses from disproportionate tax increases, while maintaining the ability to invest in critical services such as roads, emergency medical services, and other growth-supportive infrastructure.

Several additional factors contribute to the rationale for considering DCs at the County level:

- The Province has made it clear that DCs are an expected financial tool for municipalities. Failing to consider them could limit our eligibility for provincial infrastructure funding.
- As an upper-tier municipality, the County has limited revenue tools. Options for funding regional infrastructure are constrained.
- DCs promote fairness by ensuring that the costs of growth are borne by new development, rather than by existing taxpayers.
- Regional services—such as roads, waste diversion, land ambulance, and long-term care—are increasingly impacted by growth pressures. Funding these needs should be shared equitably across development across all municipalities.
- County DCs would apply only to services delivered by the County and would not interfere with local municipalities' existing authority to set and manage their own DCs.
- The development of the DC framework is guided by professional, data-driven studies and includes public transparency and opportunities for local input.
- Phasing in DCs and allowing for targeted exemptions (e.g. affordable housing, non-profits) are potential mechanisms to address community priorities.

As growth in the region continues, the County must be prepared to fund the infrastructure necessary to support it. The choice is not whether to accommodate growth, but how to fund it responsibly. Development Charges represent a proactive and equitable approach to ensuring growth pays for growth, while helping preserve quality of life for existing residents.

A detailed quantification of the potential foregone revenue if Development Charges are not adopted at the County level is provided in Appendix B.

Consultations

- Brent Klundert, Vice-President, Windsor Essex Home Builders Association
- Norbert Bolger, President, Windsor Essex Home Builders Association
- Ryan Donally, President & CEO, Windsor Essex Chamber of Commerce
- Wendy Stark, Director, Business Retention and Expansion IWE
- Local Municipal Planners and Treasurers

Strategic Plan Alignment

| Working as Team Essex County | Growing as Leaders in Public Service Excellence | Building a Regional Powerhouse |
|--|---|--|
| <input type="checkbox"/> Scaling Sustainable Services through Innovation <input checked="" type="checkbox"/> Focusing "Team Essex County" for Results <input checked="" type="checkbox"/> Advocating for Essex County's Fair Share | <input type="checkbox"/> Being an Employer with Impact <input type="checkbox"/> A Government Working for the People <input type="checkbox"/> Promoting Transparency and Awareness | <input checked="" type="checkbox"/> Providing Reliable Infrastructure for Partners <input checked="" type="checkbox"/> Supporting Dynamic and Thriving Communities Across the County <input type="checkbox"/> Harmonizing Action for Growth <input type="checkbox"/> Advancing Truth and Reconciliation |

Recommendation

That Essex County Council receive approve report number 2025-0806-FIN-R21-MR, County Development Charges Initiative Update and Summary of Public Feedback as information and

THAT County Council Provide guidance on priorities for the draft Development Charges By-law, including potential exemptions, phased implementation and affordable housing considerations.

Approvals

Respectfully Submitted,

Melissa Ryan

Melissa Ryan, CPA, Director, Financial Services/Treasurer

Concurred With,

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA, Chief Administrative Officer

| Appendix | Title |
|-----------------|---|
| A | Public Feedback and Administration Response Table |
| B | AMO Myths and Truths |
| C | Overview of Statutory and Non-Statutory Development Charge Exemptions in the Windsor-Essex Area |
| D | Average Home Price in Windsor-Essex |
| E | Financial Impact Analysis of Removing Long-Term Care DCs and Phase-in |
| F | Official Letters of Feedback on County DC Study |