



Administrative Report

To: Warden MacDonald and Members of Essex County Council

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

Date: Wednesday, February 4, 2026

Subject: Final Draft-County Development Charges By-law

Report #: 2026-0204-FIN-R03-MR

Purpose

The purpose of this report is to present the Final Proposed County Development Charges (DC) By-law for Council's consideration, offering two options: a five-year phase in By-law presented at the October 1, 2025 statutory public meeting, and a revised version reflecting Council's feedback for a ten-year phased-in term. This report incorporates legislative changes resulting from the enactment of Bill 60, Fighting Delays, Building Faster Act, 2025, including updates to the Development Charges schedules to ensure compliance. The report also notes recent stakeholder correspondence received since the previous update to Council.

Background

As outlined in report 2025-10-01-FIN-R29-Draft County Development Charges By-law, presented to Council on October 1, 2025, the County of Essex has developed a Development Charges By-law to ensure that the cost of growth-related infrastructure is funded in a fair and sustainable manner. The Development Charges Act, 1997 provides the legislative authority for municipalities to impose charges on new development to recover the capital costs of providing services required to support growth.

To support the development of the By-law, the County retained Hemson Consulting Ltd. to complete a comprehensive Development Charges Background Study. The study establishes growth forecasts, reviews service levels, and identifies eligible costs for County-wide services including roads, waste diversion, land ambulance, and libraries. Long-term care has been

removed from the scope of the By-law at this time, as the County does not yet have full Council direction regarding future growth of Sun Parlor Home.

Extensive engagement was carried out throughout the process, including public information sessions in each local municipality and targeted consultation with developers, planners, and municipal treasurers. A statutory public meeting was held on October 1, 2025, in accordance with the Development Charges Act, to present the first draft of the By-law and gather feedback from Council and the public.

Feedback received during and following the meeting focused primarily on two areas: a request that the By-law term be extended from five years to ten years, and the option for a later implementation date to provide additional transition time for local municipalities and the development community.

Discussion

This final report regarding the County Development Charges By-law presents two options for Council's consideration:

Option A (Appendix A) represents the original draft By-law as presented on October 1, 2025 with updated schedules to reflect the removal of land costs. It maintains a five-year term and would take effect immediately upon adoption. The term would begin in 2026, with no charges applied during the first calendar year. Charges would begin in January of 2027 and then be phased in at 25% per year over four years, reaching full rates by 2030.

Option B (Appendix B) is a revised version that incorporates Council's direction received at the October 1, 2025 Council meeting. It extends the term of the By-law to ten years. The term would begin in 2026, with no charges applied during the first calendar year. Charges would begin on January 1, 2027, then be phased in at 11.11% per year over 9 years, reaching full rates by 2035.

The Table below depicts the two options and their phase in dates with % of costs:

Timeline	Option A: 5-Year Phase-In	Option B: 10-Year Phase-In
2026	0%	0%
2027	25%	11.1%
2028	50%	22.2%
2029	75%	33.3%
2030	100%	44.4%
2031	100%	55.5%
2032	100%	66.6%
2033	100%	77.7%
2034	100%	88.8%
2035	100%	100%

While the By-law options presented in this report assume a start date of January 1, 2027, Council may, if desired, pass a motion to amend either option to include a later effective date.

Both versions have been prepared in compliance with the Development Charges Act, 1997, and maintain the same overall scope, methodology, and service inclusions. Both also uphold Council's guiding principle that growth should pay for growth, protecting existing taxpayers from shouldering the financial burden of new development.

Recent Legislative Developments

On October 23, 2025, the Province introduced Bill 60, the Fighting Delays, Building Faster Act, 2025. The Bill received royal assent on November 27, 2025, and is now enacted. Hemson Consulting Ltd. has reviewed the legislation and confirmed implications for municipal Development Charges programs, particularly related to Local Service Policies and land acquisition.

Under Bill 60, municipalities, including upper-tier municipalities, are required to have a Local Service Policy for each service that has a local service component. For the County, this requirement is expected to apply to Roads. The policy must identify works or classes of works that are a direct developer responsibility, and a development charge cannot be imposed for any service with a local component unless a Local Service Policy is in place. The legislation provides an 18-month transition period from enactment to develop and adopt these policies.

Bill 60 also changes the treatment of land acquisition for development charges. To ensure compliance with the enacted legislation, the County has removed land acquisition costs from eligible Development Charges, and the schedules were updated accordingly. These revisions primarily affect Roads development charges, with a minor impact on all other services.

Administration will initiate work on a Local Service Policy within the legislated transition period to ensure continued compliance with Bill 60 and alignment with our Local municipalities. This work will be brought forward separately and does not impede adoption of the proposed Development Charges By-law.

In addition, Bill 17, the Protect Ontario by Building Faster and Smarter Act, 2025, amended the Development Charges Act, 1997 and the Ontario Building Code. Key changes include requirements that non-rental residential development charges be paid in full at occupancy and the elimination of interest on legislated deferrals. These changes came into effect on November 3, 2025 and will be reflected in the County's administrative approach.

Feedback from the Town of Essex and Final Stakeholder Review

On the date of the statutory public meeting, the County received a memorandum from the Town of Essex seeking clarification on administrative and implementation matters, including questions related to responsibility for local service works and cost-sharing between the County and local municipalities. Administration, in consultation with Hemson Consulting Ltd., reviewed these comments in detail during an in-person meeting with Town of Essex staff.

The discussion regarding "who pays and does what" is directly connected to the concept of a Local Service Policy (LSP), which defines which works are a direct developer responsibility versus a municipal responsibility. With the enactment of Bill 60, Fighting Delays, Building Faster Act, 2025, municipalities are now required to adopt Local Service Policies for services that include a local service component. For the County, this requirement is expected to apply primarily to Roads services.

While the Development Charges By-law can proceed independently of the Local Service Policy work, Administration acknowledges the legislative requirement and has committed to developing and adopting the necessary Local Service Policies within the transition period provided under Bill 60. This

work will be undertaken in coordination with our Local municipalities to ensure clarity, consistency, and alignment across the County.

All matters raised by the Town of Essex were addressed, and there are no outstanding concerns or inconsistencies that would prevent the Development Charges By-law from moving forward.

Following the statutory public meeting, additional correspondence was received from the Windsor-Essex County Association of REALTORS® (WECAR). The correspondence reiterates concerns related to housing affordability, market conditions, and the cumulative impact of development costs. These matters have been considered throughout the Development Charges study and consultation process and are reflected in the proposed phase-in options and recent adjustments to eligible Development Charges costs.

Administration also consulted with other local municipalities and stakeholders throughout the Development Charges review process. All feedback received was reviewed and considered, and no further revisions are recommended. Both versions of the proposed By-law are considered technically sound, equitable, and compliant with current legislative requirements.

Legislative Framework and Timing

The proposed By-law was developed in accordance with the Development Charges Act, 1997 and its associated regulations. Should Council approve the By-law at its February 4, 2026 meeting, it would take effect immediately upon passage.

In accordance with the Act, a Notice of By-law Passage must be issued within 20 days of the By-law's adoption, which in our case would be February 24 if it gets passed at the February 4 meeting of Council. The appeal period extends for 40 days following the By-law's passage ending on March 16, 2026. The County must also make the required Development Charges Pamphlet publicly available within 60 days of the By-law's passage, which would be April 2, 2026.

Under Option A, development charges would be imposed beginning January 1, 2027, with phased-in increases through 2030. Under Option B, the effective date for collection would be January 1, 2027, with phased-in

increases through 2035. In both cases, annual reporting requirements under the Act will continue to ensure transparency and accountability.

Scope and Exemptions

The topics in this section were referenced in the previous Council reports, however, they are being revisited to reaffirm their continued relevance.

The Option A and Option B Proposed County Development Charges By-laws apply to County services only and includes the following eligible services: roads and related infrastructure, emergency medical services (land ambulance), libraries, and waste diversion. As noted previously, long-term care has been removed from the By-law pending further Council direction regarding growth-related projects for the home.

The By-law incorporates all mandatory exemptions under the *Development Charges Act*, including those for long-term care homes, hospices, certain post-secondary institutions, Royal Canadian Legion facilities, affordable housing, industrial expansions of up to fifty percent, and additional residential units within existing buildings. Definitions for affordable and housing follow provincial regulation and are updated annually by the Province.

County-specific exemptions will continue to align with those applied locally to ensure consistency across the region. Additional details on these exemptions are provided in Appendix C. Administration recommends that any targeted economic development incentives continue to be managed through the County's Large Scale Industrial Grant Matching Program rather than through exemptions within the DC By-law itself. This approach promotes fairness and transparency in the application of development charges while maintaining flexibility to offer strategic, case-specific incentives that support employment and investment through the CIP framework.

Financial Implications

The implementation of Development Charges (DCs) will provide a dedicated and predictable funding source for growth-related capital projects. This approach ensures that the cost of new infrastructure is borne by those who create the demand for it, rather than by existing taxpayers.

Without a DC By-law in place, existing property owners would continue to shoulder the financial burden of growth through their property taxes. With

the proposed phasing-in of DCs, existing taxpayers will still experience higher costs in the early years, as a portion of infrastructure investment will continue to be funded through the tax base. For an average residential property assessed at \$350,000, this could mean an additional \$200 or more per year in property taxes to offset growth-related capital costs, an amount that would increase as new infrastructure needs and costs rise.

Both By-law options support the County’s long-term financial sustainability and its ability to fund major road, emergency service, library, and waste diversion projects. However, as shown in the accompanying schedules in Appendix A and B, a longer phase-in period significantly delays cost recovery and limits the County’s ability to collect funds needed to support growth, increasing short-term pressure on existing taxpayers.

Consultations

- Hemson Consulting LTD

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 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 checked="" type="checkbox"/> A Government Working for the People <input checked="" 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 report number 2026-0204-FIN-R03, Final Draft-County Development Charges By-law as information and approve one

of the two options for the County of Essex Development Charges By-law as presented in the Appendices to this report:

Option A: The original By-law presented at the October 1, 2025 statutory public meeting with a five-year term and implementation date of January 1, 2027 with updated schedules.

or

Option B: The revised By-law reflecting Council direction for a ten-year term and an implementation date of January 1, 2027 with updated schedules.

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	Option A Draft By-Law-5-year phase in
B	Option B Draft By-Law- 10-year phase in
C	Regional Exemptions Table