

**Township of Southgate
Administration Office**

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Staff Report FIN2022-039

Title of Report: **FIN2022-039 Impact of Bill 23 and Indexing on Development Charges**

Department: **Finance**

Council Date: December 21, 2022

Recommendation:

Be it resolved that Council receive Staff Report FIN2022-039 Impact of Bill 23 and Indexing on Development Charges as information.

Background:

On October 5, 2022, By-law 2022-154, being a By-law with respect to Development Charges was passed. By-law 2022-154 expires at 12:01 AM on October 6, 2027 unless it is repealed by Council at an earlier date. The categories of services for which development charges are imposed under this By-law are as follows:

- a) Services related to a Highway;
- b) Fire Protection Services;
- c) Parks and Recreation Services;
- d) Library Services;
- e) Administration Services;
- f) Waste Diversion Services;
- g) Storm Drainage and Control Services;
- h) Wastewater Services; and
- i) Water Services.

By-law 2022-154, Section 5.1 states:

5.1 Development charges imposed pursuant to this By-law shall be adjusted annually on January 1, without amendment to this By-law, in accordance with the third quarter of the prescribed index in the Act.

The prescribed index is in accordance with Statistics Canada Non-residential Building Construction Price Index for Toronto based on the preceding twelve month period ending September 30.

Financial Implications:

The prescribed index in accordance with Statistics Canada Non-residential Building Construction Price Index for Toronto based on the preceding twelve month period ending September 30, 2022 is 15.6%. Therefore, in accordance with By-law 2022-154, the development charges automatically index 15.6%, effective January 1, 2023.

On November 28, 2022, the Province passed Bill 23, More Homes Built Faster Act, 2022 that made various amendments to the Development Charges Act, 1997. One change that immediately impacts Southgate is the requirement that development charges be reduced from what could be otherwise be imposed during the first four years a by-law is in force as follows:

Year 1 2022-2023	Year 2 2023-2024	Year 3 2024-2025	Year 4 2025-2026	Year 5 2026-2027
80%	85%	90%	95%	100%

The Development Charges set by By-law-154, effective October 6, 2022, is provided as Attachment 1.

The Development Charges set by By-law-154, reduced to 80% for Year 1 as per Bill 23, effective November 28, 2022, is provided as Attachment 2.

The Development Charges set by By-law-154, indexed 15.6%, and reduced to 80% for Year 1 as per Bill 23, effective January 1, 2023, is provided as Attachment 3.

The Development Charges set by By-law-154, indexed 15.6%, and reduced to 85% for Year 2 as per Bill 23, effective October 6, 2023, is provided as Attachment 4.

The reduced amount of development charge allowed to be collected will negatively affect the municipality. Growth related projects may need to be delayed until sufficient funds are collected or cause a greater burden to existing property owners.

Communications & Community Action Plan Impact:

This report has been written and presented to Council in accordance with the Southgate Community Action Plan:

Mission Statement Pillars

- Trusted Government
- Economic Prosperity.

Themes:

- Municipal Services
- Public Communications

Core Values:

- Integrity
- Stewardship

Concluding Comments:

By-law 2022-154, being a by-law with respect to Development Charges was passed on October 5, 2022. Bill 23, More Homes Built Faster Act, 2022 was passed on November 28, 2022 which required a reduction to 80% of the development charges set for year 1 of the By-law. The ability to index the development charges rates on January 1 of each year remains. Therefore, on January 1, 2023 the development charge rates are indexed the prescribed rate of 15.6%. On October 6, 2023, the required reduction for year 2 moves to 85%.

Respectfully Submitted,

Dept. Head: **Original Signed By**
William Gott, CPA, CA, Treasurer

CAO Approval: **Original Signed By**
Dave Milliner, CAO

Attachment:

- 1 2022 DC Charges, effective October 5, 2022
- 2 2022 DC Charges, effective November 28, 2022
- 3 2023 DC Charges, effective January 1, 2023
- 4 2023 DC Charges, effective October 5, 2023