



Administrative Report

To: Warden MacDonald and Members of Essex County Council

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

Date: Wednesday, October 1, 2025

Subject: County Development Charges, Draft By-Law

Report #: 2025-1001-FIN-R26-MR

Purpose

To present the first draft of a County Development Charges (DC) By-law for Council consideration, explain how Council direction and stakeholder feedback (both previous and new) were incorporated into the draft, and outline the financial implications, including the impact on existing funding models.

Background

The County of Essex has developed a draft Development Charges (DC) By-law (Appendix A) to establish a framework for funding growth-related infrastructure in an equitable manner. The Development Charges Act, 1997, enables municipalities to levy fees on new development to recover eligible capital costs required to service growth, thereby reducing the financial impact on existing taxpayers.

Hemson Consulting Ltd. was retained to prepare a comprehensive DC Background Study, which forecasted growth, assessed historical service levels, and identified eligible capital costs for County-wide services including roads, waste diversion, long-term care, land ambulance, and libraries.

Over the past year, the County has engaged extensively with the public, local municipalities, and industry partners to gather feedback and refine the DC framework. Public information meetings were held in all seven local municipalities between May and June 2025, supplemented by targeted sessions with Community and Industry Partners, local treasurers, and planners.

This engagement process builds on the information provided in the previous report to Council ([2025-0806-FIN-R22-MR-Development Charges Initiative Update and Summary of Public Feedback](#)), which summarized initial feedback, outlined potential exemptions, and sought guidance on the By-law's scope.

Discussion

The draft By-law has been designed to reflect both Council's direction and stakeholder feedback received earlier this year. For example:

- Concerns about affordability are addressed through the inclusion of the Province's updated affordable and attainable housing exemptions. While the specific application will vary for each local municipality, it remains consistent with local practices.
- Requests for fairness across sectors are reflected in the inclusion of commercial and industrial development in the DC framework. The charge is not just applied to residential development.
- The development industry's preference for a gradual implementation is addressed through a delayed implementation of charges to January 1, 2027 and a subsequent four-year, 25% phased-in approach.
- Council's concern that residents should not bear the full burden of growth costs is reflected in the emphasis on "growth paying for growth."

By tying the feedback directly into the structure of the By-law, the draft balances the County's financial sustainability with industry competitiveness and housing affordability.

Legislative Framework and Timing

The draft By-law has been prepared under the authority of the Development Charges Act (DCA). The October 1, 2025 Council session represents the *official statutory public meeting*, providing Council and the public with an opportunity to review the draft By-law and share final feedback before final deliberation of the By-law on November 19, 2025. Notice of this meeting was advertised on the County website and through the local municipalities, in accordance with legislative requirements.

If approved, the By-law would come into effect on November 19, 2025, while the effective date of development charge rates would be delayed to January 1, 2027. A phased-in approach is proposed, with rates from January

1, 2027 increasing by 25% annually over four years until full calculated rates are reached. This approach responds to development industry concerns, allows for market adjustment, and balances the County's need for sustainable funding.

Under current legislation, development charges are generally payable at the time of building permit issuance. While Bill 17 has proposed moving the payment trigger to occupancy for residential development, this provision has not been enacted. The draft By-law therefore reflects existing legislative requirements only.

Scope of Services

The By-law applies County-wide and encompasses most services identified in the Hemson Background Study, including roads, EMS, libraries, and waste diversion. At this time, capital costs related to the proposed Sun Parlor Home (SPH) long-term care facility have been excluded, as the feasibility study will continue into 2025/26. Should Council approve any growth-related capital costs from the feasibility study before April 2026—within one year of the Background Study's release, long-term care expenses could be incorporated through a By-law amendment; otherwise, they would be considered during the next DC By-law review cycle.

Exemptions and Affordable Housing

The draft By-law incorporates all mandatory provincial exemptions under the DCA, including:

- Long-term care homes, hospices, certain post-secondary institutions, and Royal Canadian Legion facilities;
- Non-profit, affordable, and attainable housing;
- Industrial expansions of 50% or less;
- Intensification provisions for additional dwelling units.

Definitions for affordable and attainable housing follow the Development Charges Act and are updated annually by the Province. While thresholds will differ by municipality based on assessment values, the approach remains consistent with local practices. Consequently, if a local municipality exempts a project from development charges under the affordable housing criteria, the County charge would also be exempted.

Community Improvement Plan (CIP) Linkage

For targeted economic development incentives, such as support for industrial or employment uses, Administration recommends addressing these through the Community Improvement Plan (CIP) (Large Scale Industrial Grant Matching Program) rather than within the DC By-law. This approach allows flexibility to tailor incentives while maintaining equity and transparency in the development charges framework. Under this structure, all industrial and commercial developments would remain subject to the applicable DC rates, while the Grant Matching Program can provide targeted property tax reductions as an additional incentive to encourage qualifying investment.

Collection and Administration

The By-law is designed to comply fully with the requirements of the Development Charges Act (DCA). Development charges will be collected by local municipalities at the time building permits are issued, with local treasurers remitting funds quarterly to the County Treasurer in alignment with the County's tax payment schedule. The County Treasurer will maintain reserve fund statements and certify the amounts imposed, collected, and payable.

For certain development types, such as rental housing, institutional, and non-profit housing, the Act allows payment in six annual installments beginning at occupancy, with interest applied as required. The By-law also provides for Section 27 agreements, enabling alternative payment timing if negotiated between the County and the developer. Administration will work closely with local treasurers to ensure that DC collection and administration procedures comply with the DCA while accommodating the operational needs of each municipality.

Next Steps

The October 1, 2025 statutory public meeting provides Council and the public with the opportunity to comment on the draft By-law. Following this meeting, Administration will incorporate any additional feedback and return to Council with the final draft By-law for consideration and deliberation on November 19, 2025. Should Council approve the By-law, it is proposed to take effect upon passage with the first development charges being imposed on January 1, 2027, and rates phased in over four years. The By-law would remain in effect for up to ten years, subject to periodic review which is typically every 5 years.

Adopting the DC By-law represents a proactive step toward sustainable growth management, ensuring that new development contributes fairly to the cost of the infrastructure it necessitates.

Financial Implications

Implementing Development Charges (DCs) will provide a dedicated and predictable funding stream for growth-related infrastructure, reducing the reliance on property taxes to fund new capital needs. Without DCs, the average household (valued at \$350,000) could face an annual property tax increase of approximately \$200 to cover growth-related costs.

The draft DC By-law supports a phased-in approach, with rates implemented at 25% increments over four years, allowing developers and the community time to adjust while ensuring the County begins to recover costs associated with new growth. Appendices B and C illustrate how DCs would contribute as a revenue source specifically for Roadway Expansion and Emergency Medical Services (EMS) Capital, highlighting the financial impact of adopting the By-law.

Benefits of adopting DCs include:

- Equitable allocation of growth-related infrastructure costs, ensuring that new development contributes its fair share.
- Protection of existing taxpayers from significant increases in property tax rates.
- Alignment with provincial requirements and eligibility for related infrastructure funding programs.
- Strengthened capacity to maintain and expand critical County services—including roads, EMS, libraries, and waste diversion—under increasing demand pressures.

The actual revenue from DCs will depend on actual growth rates, exemptions applied, and the final parameters of the By-law. By providing a stable revenue stream, the County will be better positioned to plan and fund infrastructure projects efficiently, avoid short-term borrowing for growth-related needs, and ensure that future growth does not disproportionately impact the existing tax base.

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 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 checked="" type="checkbox"/> Harmonizing Action for Growth <input type="checkbox"/> Advancing Truth and Reconciliation

Recommendation

That Essex County Council receive report number 2025-, Draft County Development Charges By-law as information.

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	Draft By-law 2025-XX, County Development Charges
B	10 Year EMS Capital Funding Model with DC Funding
C	20 Year Capital Plan Funding Model with DC