Report to Council

Department: Development Services
Division: Development Services
Date: July 5, 2021
Prepared by: Lori Chadwick, Director, Development Services
Report Number: Development Services-2021-03
Subject: Amended Development Charges By-law
Number of Pages: 3 plus attachments

Recommendation(s)

That Development Services Report entitled Amended Development Charges By-law prepared by Lori Chadwick, Director, Development Services, dated July 5, 2021 be received, and

That By-law 2043, being a by-law to amend By-Law 1850 respecting Development Charges be read a first, second, and third time and finally adopted on July 5, 2021.

Purpose

A By-law and revisions to a By-law, including related schedules, must be adopted by Council.

Background and Discussion

The Town of Essex enacted By-law 1850 pursuant to the Development Charges Act, which authorizes Council to impose of development charges (DCs) against land.

On April 6, 2021, the Town gave notice to and placed on the public record a background study titled “Town of Essex 2021 Development Charge Update Study” prepared by Watson &
Associates Economists Ltd., attached herein, which provided updated Schedule A (Table A2) to By-law 1850.

On May 3, 2021, a Public Meeting was held at which Council considered the study, and written and oral submissions from the public. As described at the Public Meeting, By-Law 1850 is being amended to reflect the changes under Bills 108, 138, 197 and 213 as follows:

- Remove the mandatory 10% deduction for certain services;
- DC installment payments;
- DC rate freeze;
- Interest policies;
- Mandatory exemption for new ancillary units;
- Mandatory exemption for universities receiving operating funds from the Government; and
- Additional & refined definitions, where required.

In support of the above, on June 7, 2021, Council adopted By-law 2030, attached herein, to charge interest on outstanding development charges equal to the Town’s borrowing rate plus 2%, fixed at the date of building permit issuance or at the date of the relevant planning application, compounded annually.

**Financial Impact**

The Town of Essex imposes development charges to recover capital costs arising from the increase in needs for services or infrastructure related to growth. Development charges pertaining to services where the 10% mandatory deduction has been removed have been adjusted accordingly to ensure there is no funding gap. If a development charge is exempt under the Development Charges Act, its associated regs, or under by-law, the municipality is still required to fund anticipated growth-related capital expenditures, whether that is funded through the DC Reserve or other sources. The financial impact in 2021 is anticipated to be minimal given the timeframe for implementation. Impacts to 2022 will be forecasted and
identified during budget deliberations. Lastly, the implementation of an interest rate would result in no financial impact as its intent is to offset any potential lost interest or interest expense.

**Consultations**

Rita Jabbour, Manager of Planning Services

Kate Giurissevich, Manager of Finance & Business Services

**Link to Strategic Priorities**

- Manage, invest and plan for sustainable municipal infrastructure which meets current and future needs of the municipality and its citizens.
- Create a safe, friendly and inclusive community which encourages healthy, active living for people of all ages and abilities.
- Provide a fiscal stewardship and value for tax dollars to ensure long-term financial health to the municipality.
- Manage responsible and viable growth while preserving and enhancing the unique rural and small town character of the community.
- Improve the experiences of individuals, as both citizens and customers, in their interactions with the Town of Essex.
- Improve the Town’s capacity to meet the ongoing and future service needs of its citizens while ensuring the corporation is resilient in the face of unanticipated changes or disruptions.
Report Approval Details

<table>
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<tr>
<th>Document Title:</th>
<th>Amended Development Charges By-law - Development Services-2021-03.docx</th>
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| Attachments:   | - Update Study.pdf
                | - By-Law No 2030 -DC Arrangements Interest Charge By-Law.pdf
                | - Final Amending By-law.docx |
| Final Approval Date: | Jun 29, 2021 |

This report and all of its attachments were approved and signed as outlined below:

Chris Nepsz, Chief Administrative Officer - Jun 29, 2021 - 2:36 PM