
HALDIMAND COUNTY

Report FIN-10-2023 Development Charges Reserve Funds Treasurer's Annual Statement for 2022

For Consideration by Council in Committee on May 23, 2023



OBJECTIVE:

To provide the Treasurer's Annual Statements of Development Charges Reserve Funds for 2022, as required by the Development Charges By-law and the Development Charges Act, as amended.

RECOMMENDATIONS:

1. THAT Report FIN-10-2023 Development Charges Reserve Funds Treasurer's Annual Statement for 2022 be received;
2. AND THAT the Treasurer's Annual Statement of Development Charges Reserve Funds for 2022 be made publicly available on the Haldimand County website.

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Reviewed by: Heather Love, CPA, Supervisor, Budget and Financial Planning

Respectfully submitted: Mark Merritt, CPA, CA, General Manager of Financial & Data Services

Approved: Cathy Case, Chief Administrative Officer

EXECUTIVE SUMMARY:

In accordance with the Development Charges Act, 1997 (the Act), the Treasurer is required to present to Council an annual statement of the County's Development Charges Reserve Funds.

Attachment #1 is the unaudited Development Charges Reserve Fund Statement, which provides a summary of the 2022 financial transactions affecting all the Development Charges reserve funds which includes:

- ✓ Opening balances;
- ✓ transfers in (development charge receipts and interest);
- ✓ transfers out to fund capital projects;
- ✓ and the resulting closing balance for the year.

Attachment #2 provides the detail, by reserve fund, of each capital project that required growth related funding from development charges in 2022.

BACKGROUND:

The Development Charges Act, 1997 (the Act), as amended, provides the legislative framework for the collection and use of Development Charges. The Act provides that the Treasurer of a municipality, on or before such date as Council may direct, shall give Council an annual financial statement for each

Development Charges Reserve Fund established under the Act and the municipality's Development Charges By-law.

As outlined in the Development Charges By-law, the Treasurer shall provide an annual statement to Council, on or before May 31st of each year, containing information for the prior calendar year. The information to be included in this statement is set out in Section 43 of the Act and Section 12 of Ontario Regulation 82/98 (the Regulation).

The main reporting requirements under the Act are as follows:

- Statement of opening and closing balances of all development charges reserve funds and the transactions for the year relating to each of these funds;
- The transactions shall identify all the capital costs funded by the reserve fund and the amounts funded from other sources (other than development charges);
- Statement of compliance with S. 59.1 (1) of the Act (essentially that no charges to the reserve funds occurred that are not permitted under the Act);
- Council shall ensure that the statement is made available to the public.

ANALYSIS:

Attached to this report are the unaudited Treasurer's Statements for each Development Charges Reserve Fund, as established in By-law 2042/19, for the calendar year 2022. The following Table provides the historical amounts of Development Charges revenue collected for growth related capital works in the years 2018 to 2022.

Table 1: Development Charges Collected

Service	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$
Ambulance Services	24,623	34,744	72,007	149,512	109,968
Fire Services	191,962	138,815	211,162	438,138	322,258
General Government	39,606	35,379	68,056	141,898	104,255
Waste Diversion (established 2019)		18,561	48,675	92,800	68,483
Cemeteries	23,860	15,475	21,425	44,611	32,836
Leisure Services	766,492	1,073,340	2,119,076	3,958,470	2,917,770
Parking Services	16,652	15,561	27,983	58,157	42,712
Library Services	127,043	172,012	335,589	626,761	461,993
Public Works - Buildings and Fleet	42,063	40,627	72,868	151,058	111,017
Roads and Related	286,766	318,442	602,397	1,240,043	912,485
Wastewater	237,887	583,919	1,464,036	3,173,550	2,153,686
Stormwater	35,484	20,658	37,823	65,743	44,508
Water	206,944	232,915	519,736	1,051,748	717,964
	1,999,384	2,700,448	5,600,833	11,192,488	7,999,937
Allocation:					
Residential	1,833,769	2,678,857	5,484,052	10,119,961	7,467,891
Non-Residential	165,615	21,592	116,781	1,072,527	532,043
# of Building Permits Issued					
Requiring a Development Charge	195	178	303	530	368

In 2021, a significant amount of Development Charges (DCs) were collected due to an increase in building permits requiring them. The number of building permits issued increased from 907 in 2018 to 1,470 in 2019, decreased to 1,281 in 2020, and then increased again to 1,728 in 2021 and 1,923 in 2022. Not all building permits require DCs; it's based on the type of permit and development. In 2022, the increase in construction was mainly in Caledonia and Hagersville, with 368 permits requiring DCs compared to 530 in 2021. The County experienced a decrease of approximately \$2.68 million in DCs collected.

In 2019, a Development Charge Rate Study was finalized, resulting in a 64.79% increase in residential rates for urban single/semi-detached homes. The study projected average annual housing units of 226 between 2018-2020 and 276 in 2021 and 2022. Although actual housing units in 2018 and 2019 were slightly below projections, the number of units in 2020-2022 exceeded expectations, leading to additional DCs being collected.

The County's DC By-law 2042/19, enacted on May 13, 2019, was appealed. In March 2020, a mutual settlement agreement was reached, leading to a lower DC for multiple unit dwellings. The change was retroactive to the day the by-law was passed, requiring refunds for any difference paid by developers for multiple unit dwellings. Refunds of approximately \$60,000 were netted from the DCs collected in 2020.

The attached Treasurer's Statements (Attachments #1 and #2) provide information on each DC Reserve Fund and detail the 2022 financial transactions affecting all DC reserve funds. Attachment #1 shows the opening balances, transfers in (DC receipts and interest), transfers out (to fund capital projects), and the resulting closing balance for the year. Attachment #2 provides details for each capital project that required growth-related funding from DCs in 2022.

Three of the DC Reserve Funds (Public Works, Wastewater Services, and Stormwater) have deficit balances. These negative balances were anticipated during the 2019 Development Charges Background Study, as certain growth-related capital projects were initiated prior to collecting the related DCs. This allowed development to proceed in communities with servicing constraints.

As shown in the 2023 Capital Budget, there will be further planned negative DC balances due to the timing of developer payments in relation to expenditures on growth-related projects planned over the forecast period. These shortfalls were anticipated when setting the DC rates and will require future growth-related debt to be issued. These debt charges must be fully recovered from future DC receipts.

In addition, there are funding commitments related to past capital works, such as the Haldimand County Caledonia Centre, Cayuga Memorial Arena, Dunnville Memorial Arena, Hagersville Fire Station/EMS Base, Cayuga Fire Station/EMS Base, South Haldimand Fire Station, Dunnville Library, and water and wastewater projects. These commitments will require withdrawals from the applicable DC Reserve Funds in future years, specifically to repay existing growth-related debt charges.

FINANCIAL/LEGAL IMPLICATIONS:

Development Charges are an important component of the County's long-term financial plan. As outlined in the Development Charges Act, the funds in the Development Charges Reserve Funds may only be used to finance growth related projects.

As identified in the applicable approved Capital Forecast (Tax Supported and Rate Supported), the Development Charges Reserve Funds are in line with the projections included in the Development Charges Background Study, and will continue to be monitored annually. The current by-law expires May 13, 2024 and preparations for a new Background Study are in progress.

County staff continue to monitor and evaluate the potential impacts of Bill 23, More Homes Built Faster.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

REFERENCES:

1. [Development Charges By-law 2042/19](#)
2. [Development Charges Act, 1997](#)

ATTACHMENTS:

1. Development Charges Reserve Fund Statement Summary for the Year Ended 2022
2. Treasurer's Statements for Development Charges Reserve Funds for the year ended December 31, 2022:
 - a) Roads & Related
 - b) Public Works – Buildings & Fleet
 - c) Parking Services
 - d) Fire Protection Services
 - e) Leisure Services
 - f) Library Services
 - g) General Government
 - h) Cemeteries
 - i) Ambulance Services
 - j) Waste Diversion
 - k) Stormwater Drainage & Control Services
 - l) Wastewater Services
 - m) Water Services