



STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Corporate, Finance, and Legislative Standing Committee

Report to: Mayor, Deputy Mayor, and Councillors
From: Adam Giddings, Treasurer/Director of Corporate Services
Standing Committee Date: October 9, 2025
Report Number: COR-2025-020
Council Meeting Date: October 29, 2025
Subject: **Annual Statement of Development Charges - 2023**

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1. Recommendation:

WHEREAS the Committee adopt the following recommendation and refer to Regular Council for final approval; and

WHEREAS the *Development Charges Act, 1997* requires the Treasurer of a municipality to provide Council with an annual financial statement relating to development charge by-laws and reserve funds; and

WHEREAS the Treasurer has submitted the statutory annual report for the year ending December 31, 2023, confirming compliance with the Act and demonstrating the collection, allocation, and use of Development Charges in accordance with the Town's 2021 Development Charges Background Study.

NOW THEREFORE BE IT RESOLVED THAT Council receive the Treasurer's 2023 Annual Statement of Development Charges Reserve Funds for information purposes; and

FURTHER THAT the Treasurer be directed to make the statement publicly available and provide it to the Minister of Municipal Affairs and Housing upon request, in accordance with the *Development Charges Act, 1997*.

2. Executive Summary:

This report provides the statutory annual reporting required under the Development Charges Act, 1997 (DCA) regarding the Town of Cobourg's Development Charges (DC) by-laws and related reserve funds. Development Charges are collected from new development to fund growth-related infrastructure such as roads, parks, recreation facilities, fire protection, water, wastewater, and stormwater services. These charges ensure that the costs of servicing new growth are not borne solely by existing residents and businesses through property taxes.

In accordance with the DCA and the Town's 2021 Development Charges Background Study, DCs are collected, allocated to specific reserve funds, and drawn upon to fund approved growth-related capital projects. The Treasurer's annual statement confirms compliance with the Act, including reserve fund balances, project funding allocations, and adherence to legislative requirements prohibiting charges outside the DCA framework.

For the 2023 reporting period, the Town collected \$7,461,279 in development charges (2022 - \$1,854,472) and earned \$614,023 in interest (2022 - \$194,109). A total of \$695,071 in DC funds was applied to eligible capital and operating projects (2022 - \$971,670).

The Treasurer confirms that the Town remains in compliance with subsection 59.1(1) of the DCA and that the allocation of DC reserve funds in 2023 meets or exceeds the requirements for prescribed services, including water, wastewater, and roads.

3. Background

Development Charges are fees collected from new development at the time a building permit is issued. Municipalities use these charges to help pay for the cost of infrastructure required as a result of new development, such as roads, parks, recreation, and fire, as well as water and wastewater. Most municipalities in Ontario use development charges to ensure that the costs of providing infrastructure to service new development are not borne by existing residents and businesses in the form of higher property taxes.

Section 43 of the Development Charges Act, S.O. 1997, requires the Treasurer of a municipality to each year provide council a financial statement relating to development charge by-laws and reserve funds established under Section 33. This statement must be made available to the public and may be requested to be forwarded to the Minister of Municipal Affairs and Housing.

The Town applies Development Charges as follows:

- Municipal-wide DCs for Transportation Services, Fire Protection Services, Policing Services, Parks and Recreation, Transit Services, Library Services, and Growth-related Studies; and
- Area specific DCs – Existing Urban Serviced Area – for Water and Wastewater Services, Growth-related Studies; and
- Area specific DCs – Cobourg East Community Service Area – for Water, Wastewater, and Stormwater Services, and Growth-related Studies.

The development charge by-laws and associated development charge rates in place for January to December 31, 2023 timeframe was established through the 2021 DC Background Study adopted by Council on December 22, 2021.

4. Discussion:

This report provides statutory annual reporting in accordance with the Development Charges Act related to the Town's development charge by law, and statutory annual reporting. The process for collecting, allocating, and utilizing DCs is structured to align with provincial legislation and the Town's own Development Charges Background Study. The following outlines how DCs are managed:

1. Development charges are collected from developers to pay for infrastructure, such as roads, new recreational parks and facilities, fire, library facilities, etc to support growth related to additional population.
2. Once collected, DCs are allocated to specific DC reserve funds for each of the growth-related infrastructure service areas in accordance with the proportions outlined in the Town's DC Background Study.
3. As growth-related capital projects are approved in the Town's budget and capital projects are started, funds are subsequently drawn from the DC reserve funds to pay or partially pay for the capital projects.

Section 43(1) of the Development Charges Act, S.O. 1997 (DCA) states that "The treasurer of a municipality shall each year on or before such date as the council of the municipality may direct, give the council a financial statement relating to development charge by-laws and reserve funds established under section 33. 197, c.27, s.43(1)". This statement must include:

- The opening and closing balances of the reserve funds including the transactions relating to the funds.

- A listing of all assets whose capital costs were funded under a development charge by-law during the year, and for each asset, the costs not funded under the by-law and the source of other funding.
- A statement indicating compliance with subsection 59.1(1) to not impose directly or indirectly a charge related to a development or a requirement to construct a service to development except as permitted by the DCA or another Act.

The following attachments summarize the activity within the DC reserve funds and the use of these funds to support growth-related capital projects. Each attachment provides a different level of detail to illustrate how DCs are collected, allocated, and applied in accordance with the Town's Development Charges Background Study and legislative requirements:

- Attachment 1 – Treasurer's Statement of Development Charges Reserve Funds: Illustrates the total contributions/allocations to and from each reserve fund, by service that occurred in the year.
- Attachment 2: Presents the details of funding sources for the growth-related projects included in the Development Charge Background Study.
- Attachment 3: Description of categories of municipal services.

The Treasurer confirms that the Town is in compliance with subsection 59.1(1) of the Development Charges Act, 1997 which states "A municipality shall not impose, directly or indirectly, a charged related to a development or a requirement to construct a service related to development, except as permitted by this Act or another Act, 2015, c.26, s.8".

Additionally, the Town expects the amount of capital costs that were estimated, in the 2021 D.C. Background Study, to be incurred during the term of the applicable development charge by-law. The allocation of development charge reserve funds in 2023 meets or exceeds the requirements for prescribed services (water, wastewater, and roads) as set out in Section 35 of the Act – Use of Reserve Funds.

The following table highlights a summary of the development charge reserve fund for the period January 1 to December 31, 2023 and includes DC funds collected, DC receivables, interest earned, and disbursements. A further breakdown of development charges by service category is included in Attachment 1: Annual Statement of Development Charges Reserve Fund.

2023 Development Charges Summary

Opening Balance, January 1, 2023	\$7,991,977
Development Charges Collected	7,461,279
Development Charges Receivable	0
Interest Income	614,022
Total	<u>16,067,277</u>
Disbursements	<u>(695,071)</u>
Closing Balance, December 31, 2023	<u>\$15,372,206</u>

5. Financial Impact and Budget

In 2023, total development charges collected were \$7,461,279 (2022 - \$1,854,472) with interest earned in the amount of \$614,023 (2022 - \$194,109). Total development charges funds used for capital and operating projects was \$695,071 (2022 - \$971,670).

Bill 23, *More Homes Built Faster Act, 2022*, introduced a discount for rental housing development charges by 15% to 25% depending on the size of the unit. During 2023, Rental Discounts allowed were \$77,031. The Town budgets \$50,000 annually to fund exemptions and discounts for Development Charges.

There are no financial or budget impacts associated with this report. This report provides statutory annual reporting in accordance with the Development Charges Act, 1997, and does not authorize any new expenditures or commitments. The activities described relate solely to the administration, allocation, and reporting of development charge reserve funds, which are fully funded by developer contributions and interest earned on those funds. All expenditures from the DC reserve funds are in alignment with approved capital projects and the Town's Development Charges Background Study, ensuring that no additional municipal funds are required.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

Thriving Community

Service Excellence

The reporting and management of DCs directly support infrastructure that serves the growing population, including roads, parks, recreation facilities, fire protection, water, wastewater, and library services. By planning and funding infrastructure in alignment with growth, the Town ensures that services are available when needed, meeting community expectations.

Sustainability

By collecting development charges from new growth and allocating them to a specific reserve fund, the Town ensures that infrastructure costs are covered without placing undue burden on current taxpayers. This approach secures dedicated funding for long-term capital projects, including roads, water and wastewater systems, parks, and public facilities, promoting responsible fiscal management.

7. Public Engagement:

Public engagement is not considered necessary for this report. The purpose of the document is to provide the statutory annual reporting required under the Development Charges Act with respect to the Town's Development Charges by-law and related reserve funds. The content of the report is administrative and compliance-focused, summarizing financial activity, and demonstrating alignment with provincial legislation and the Town's Development Charges Background Study. As such, it does not involve new policy direction, changes to fees, or decisions requiring public input.

8. Attachments:

Attachment 1 – Annual Treasurer's Statement of Development Charge Reserve Funds

Attachment 2 – Amount Transferred to Capital and Operating

Attachment 3 – Description of the Service (or Class of Service)