BU8.2

REPORT FOR ACTION

2018 Development Charge Reserve Fund Statement

Date: August 21, 2019
To: Budget Committee and Executive Committee
From: Chief Financial Officer and Treasurer
Wards: All

SUMMARY

This report provides a statement of the Development Charge Reserve Funds for the year ended December 31, 2018, as required by the Development Charges Act, 1997 (DC Act).

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. Executive Committee receive this report for information.

FINANCIAL IMPACT

There are no financial implications arising from this report.

Receipts from development charges are set aside in various reserve funds established for each service category specified in Council bylaws, and are recognized in revenue when used to fund capital projects. The City collected $762.9 million in development charge revenues (net of $7.6 million in refunds) during 2018, and spent $279.0 million on eligible growth-related projects in 2018 funded from development charge reserve funds.

This report provides a summary of the balances and activity of these development charge reserve funds as of December 31, 2018, along with the details of the projects funded from development charges in 2018.

DECISION HISTORY

Section 43 of the DC Act requires the Treasurer to provide Council with an annual financial statement relating to the development charge reserve funds. The Treasurer is also required to provide a copy of the statement to the Minister of Municipal Affairs and Housing upon request.

Following are the links to the 2017 and 2016 Development Charge Reserve Fund Statement reports:

http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.19

http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BU34.4

COMMENTS

The DC Act allows Toronto City Council (Council) to pass bylaws that impose development charges on new residential and non-residential land development in the City, with certain exemptions, in order to partially pay for future capital projects such as transit, sanitary sewers and recreation centres resulting from population and employment growth in the City. The charges are paid at the time of building permit issuance and distributed to various development charge reserve funds based on the proportions set out in the bylaw.

The City's current development charges bylaw (No. 515-2018) was adopted by Council on April 27, 2018, and came into effect on May 1, 2018, replacing the City's previous bylaw (No. 1347-2013). The 2018 DC bylaw imposes a uniform city-wide development charge on residential and non-residential (at grade) development with certain exemptions (e.g. industrial uses, housing pursuant to a municipal capital facilities agreement, colleges and universities). The new bylaw includes a new category for Shelter services.

The adopted development charge rates are being phased-in over the period November 1, 2018 to November 1, 2020, with an annual adjustment commencing November 1, 2019, in accordance with the change in the Statistics Canada Quarterly Capital Expenditure Price Statistics.

More information, including links to relevant staff reports, can be found on the City's development charge website: www.toronto.ca/devcharges

The statement of development charge reserve funds for the year ended December 31, 2018 contains two schedules, which are attached:

Schedule A identifies the city-wide reserve funds balance ($1,146.3 million) as at December 31, 2018 including loans receivable and details the reserve fund activity, by service category, of those reserve funds established under the city-wide Development Charge Bylaws (No. 515-2018). In 2018, $762.9 million in development charge revenues were deposited into the reserve fund accounts, and $279.0 million were withdrawn to fund eligible growth-related projects.

Schedule B provides a list of the projects that were funded from those development charges.

For the year ended December 31, 2018, the City complied with the requirements of subsection 59.1 (1) of the Development Charges Act, 1997, in that it did not impose a charge related to a development, or a requirement to construct a service related to development, except as permitted by the Development Charges Act, 1997 or another Act.

In addition to approving draws as part of the annual operating budget process, City Council also approves future draws from reserve funds in the 10 year capital budget plan. The last column in Schedule A of this statement shows the 2019-2023 commitments against the development charge reserve funds as of the date of this statement.

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SIGNATURE

Heather Taylor
Chief Financial Officer and Treasurer

ATTACHMENTS

Schedule A: City-wide Development Charge Reserve Funds
Schedule B: Details of Project Funding