

### 2019 Development Charge Reserve Fund Statement

**Date:** September 8, 2020  
**To:** Executive Committee  
**From:** Chief Financial Officer and Treasurer  
**Wards:** All

#### SUMMARY

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This report provides a statement of the Development Charge Reserve Funds for the year ended December 31, 2019, as required by the Development Charges Act, 1997 (DC Act).

#### RECOMMENDATIONS

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The Chief Financial Officer and Treasurer recommends that:

1. Executive Committee receive this report for information.

#### FINANCIAL IMPACT

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There are no current or known future year financial impacts arising from the recommendation in this report.

On an annual basis, the City sets aside development charge contributions in various funds established for each service category specified in Council bylaws, as well as allocates funding to eligible growth-related projects. In 2019, the City collected \$445.9 million in development charge contributions (net of \$11.5 million in refunds), and transferred \$387.3 million on eligible projects 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, 2019, along with the details of the projects funded from development charges in 2019.

## DECISION HISTORY

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Section 43 of the DC Act requires the Chief Financial Officer and Treasurer to provide Council with an annual financial statement relating to the development charge reserve funds. The Chief Financial Officer and 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 2018 and 2017 Development Charge Reserve Fund Statement reports:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX8.12>

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

## COMMENTS

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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. 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.

Council adopted the City's development charges bylaw (No. 515-2018) on April 27, 2018. The new bylaw's requirements came into effect on May 1, 2018. The 2018 development charges 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.

2019 marked the second year of the City's three-year phased implementation period of the new development charge rates, which will end on November 1, 2020. Annual adjustments to development charge rates also started on 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 charges website: [www.toronto.ca/devcharges](http://www.toronto.ca/devcharges).

The statement of development charge reserve funds for the year ended December 31, 2019 contains two schedules (A & B), which are attached.

Schedule A identifies the city-wide reserve funds balance (\$1,223.3 million) as at December 31, 2019, including loans payable back to these reserve funds, and details the reserve fund activity, by service category, of the City's bylaw. In 2019, the City received \$445.9 million in development charge contributions, which were deposited into

the reserve fund accounts, and used \$387.3 million 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, 2019, 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 2020-2024 commitments against the development charge reserve funds as of the date of this statement.

In May 2019, the Province introduced changes to the DC Act through Bill 108, More Homes, More Choice Act. The changes were subsequently amended over the past year through Bill 138, Plan to Build Ontario Together Act, and Bill 197, Economic Recovery Act. While the Bills have received Royal Assent, most of the changes to the DC Act have yet to be proclaimed into force. The Province has yet to release final regulations that would be needed in order to fully implement the changes. Staff continue to engage with the Province and monitor the potential impacts of the emerging legislative changes.

## **CONTACT**

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Andrew Flynn, Controller, Tel: 416-392-8427, Email: [andrew.flynn@toronto.ca](mailto:andrew.flynn@toronto.ca)

Sandra Califaretti, Director, Accounting Services, Tel: 416-397-4438, Email: [sandra.califaretti@toronto.ca](mailto:sandra.califaretti@toronto.ca)

## **SIGNATURE**

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Heather Taylor  
Chief Financial Officer and Treasurer

## **ATTACHMENTS**

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