

RE: EX19.16 - 2023 Development Charge Deferred Revenue Activity and Balances

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Mike Moffatt

m.moffatt@smartprosperity.ca

RE: EX19.16 - 2023 Development Charge Deferred Revenue Activity and Balances

Dear Mayor Chow and members of the Executive Committee,

Response

The City of Toronto's \$801.3 million in development charge ("DC") contributions in fiscal year 2023 are the largest collection of DC funds of any municipality in the province. Since 2010, the City has seen 13 out of 14 years of net increases to its DC reserve fund, reaching \$3.106 Billion at the end of fiscal year 2023.

As development charge reserve funds increase, the City must provide the greatest level of transparency possible in the use of those funds. Unlike other peer municipalities such as the Region of Waterloo, Hamilton, and Mississauga, the City of Toronto does not provide a dedicated webpage that makes it reasonable or easy for researchers, residents, and other stakeholders to find the reserve fund statements that are before the committee today.

Currently, the city's website states:

The Treasurer's Annual Statement, identifying opening and closing balances and development charges reserve fund transactions during the year, may be viewed by the public at toronto.ca or in the offices of the City Clerk at 100 Queen Street West, Toronto, Ontario, during regular business hours.

However, there is no indication as to the location of these documents on the website.

We are not lawyers, so we will not judge whether this meets the reporting requirements set out in Section 43 of the *Development Charges Act, 1997*; it certainly does not live up to the spirit of the Act.

Providing a generic reference to the statements being available on Toronto.ca is unacceptable as it discourages people less familiar with the city's information system from accessing these documents. While data on DC collections and reserve funds statuses can be found through the province's financial

information return (“FIR”), these datasets do not provide as comprehensive a view into the use of funds as the reserve fund statements do.

Several municipal financial analysts have remarked that to truly understand a municipality’s fiscal situation around development charges, an examination of the DC reserve fund statements is required. However, many municipalities, including Toronto, fail to provide reasonable access to this documentation, as well as those for Parkland and Community Benefit Charge funds. Municipalities cannot both demand that analysis used in discussions about development charges be based on this documentation and then fail to provide transparent access to it.

If census data was provided in the manner Toronto and other municipalities provide for development charges, it would be impossible to do many forms of research, including research the city’s planning department regularly conducts for use in policy decision-making.

Toronto’s practice around its DC reserve fund statements is at odds with the transparency it provides on historical DC rates. The city should be lauded for the information it provides on rates, going all the way back to May 2009. It would be better if it could provide data on rates even further back, ideally back to the creation of the Development Charges Act. Nevertheless, Toronto provides one of the most comprehensive insights into historical DC rates of any municipality in the province but is one of the least transparent when it comes to its DC reserve fund statements.

We provide the following recommendations.

Recommendations

1. The city creates a dedicated webpage that includes Development Charge, Parkland, and Community Benefit Charge reserve fund statements that are easily accessible to the public;
2. That the city advocates for the province to create a central repository for this documentation.

Regards,

Dr. Mike Moffatt,
Founding Director
The PLACE Centre

About the Place Centre

The PLACE Centre is an initiative of the University of Ottawa’s Smart Prosperity Institute. PLACE works with government, industry, and civil society groups to understand the problems that hold back local clean growth and more livable communities within Canadian regions while providing practical solutions.