



Report n° FIN2025-33
Date: September 23, 2025
Submitted by: Frédéric Desnoyers
Subject: Development Charge Update

Nature/Goal

The purpose of this report is to present to Committee of the Whole the proposed new Development Charges By-law for the City of Clarence-Rockland. The report outlines changes that were made since the first presentation of the DC background study in November 2024. The goal is to seek the Committee's recommendation to Council for adoption of the By-law, ensuring that the City remains compliant with the Development Charges Act, 1997, as amended, and that growth-related capital costs continue to be allocated appropriately between new development and the existing taxpayer base.

Directive/Previous policy

By-law 2019-85, passed on December 02, 2019 for linear infrastructure.
By-law 2021-90, passed on October 19, 2021 for soft services

Department's recommendation

WHEREAS the City of Clarence-Rockland must update its current Development Charges By-law by November 19, 2025; and

WHEREAS a public meeting was held on December 11, 2024 & July 28, 2025, in accordance with the requirements of the Development Charges Act; and

WHEREAS staff has reviewed the Development Charge By-law and associated Background Study in relation to comments received at the public meeting; and

WHEREAS staff has incorporated amendments to the By-law and Background Study based on the staff review;

BE IT RESOLVED THAT Council approve the 2024 Development Charges Background Study dated November 15, 2024 and subsequent amendments as described in the report, and those updated rate tables as shown in this report; and

BE IT RESOLVED THAT Council adopts By-law 2025-XX, being a by-law with respect to the Development Charges; and

ATTENDU QUE la Cité de Clarence-Rockland doit mettre à jour son règlement actuel sur les redevances d'aménagement d'ici le 19 novembre 2025; et

ATTENDU QU'une réunion publique a eu lieu le 11 décembre 2024 et le 8 juillet 2025 conformément aux exigences de la Loi sur les redevances d'aménagement; et

ATTENDU QUE le personnel a examiné le règlement sur les redevances d'aménagement et l'étude révisée des redevances d'aménagement suivants les commentaires reçus lors de la réunion publique; et

ATTENDU QUE le personnel a incorporé des modifications au règlement et à l'étude révisée sur le règlement en fonction de l'examen du personnel;

QU'IL SOIT RÉSOLU QUE le Conseil approuve l'Étude de frais de redevances d'aménagement 2024 datée du 15 novembre 2024 ainsi que les modifications subséquentes décrites dans le présent rapport, de même que les tableaux de taux mis à jour tels que présentés dans ce rapport; et

QU'IL SOIT RÉSOLU QUE le conseil adopte le règlement 2025-XX relativement aux frais de développement; et

Background

The City's current Development Charges By-law 2019-85 will expire on November 19, 2025.

A Development Charges Background Study was completed by Hemson Consulting and made available to the public on November 15, 2024 meeting the legislative requirements for notice and consultation.

Public consultation, including the statutory public meeting held on December 11, 2024 & a subsequent public meeting held on July 28, 2025, allowed stakeholders and residents to provide input.

The administration was also always active with developers to answer specific questions in between those dates which included detailed responses to a number of questions as well as a developer workshop (held virtually) to address technical questions.

Discussion

Following the statutory public consultation process, a number of refinements were made to the Development Charges Background Study. These adjustments were introduced to better align the identified growth-related capital projects with the City's updated development forecasts. The changes ensure that the timing, scope, and cost of projects more accurately reflect the anticipated pace of growth, thereby strengthening the link between development activity and the capital investments required to support it. 3)

To respond to feedback from the development community, the City made some targeted modifications to the DC recoverable share on specific projects requested in a measure of good faith to reduce the DC rate. However, it is important to recognize there is a level of risk being absorbed by the City with these modifications. Should the road work need to be advanced earlier than

identified, and before an update to the DC Study is undertaken, the City may seek to work with the development community to enter into a front-ending and credit agreement to undertake the works.

Below is the summary of the changes in development charge rates from the background study. Also of importance, the rate adjustments put forward below now reflect grant money the City received which was not known and recognized in the DC rates calculated at the time of the Study release in November 2024.

Service	Calculated Residential Charge / SDU November 15, 2024	Calculated Residential Charge / SDU March 31, 2025	Calculated Residential Charge / SDU September 22, 2025
Library Services	\$667	\$667	\$667
Parks And Recreation	\$9,200	\$9,200	\$9,200
By-Law Services	\$36	\$36	\$36
Development Related Studies	\$192	\$192	\$192
Fire Services	\$1,244	\$1,168	\$1,168
Services Related to a Highway		\$0	
Public Works	\$873	\$873	\$873
Roads And Related	\$24,297	\$17,170	\$12,158
Waterworks	\$9,373	\$9,373	\$9,373
Sanitary Sewer Services	\$13,307	\$13,783	\$13,783
TOTAL RESIDENTIAL CHARGE (SERVICED)	\$59,189	\$52,462	\$47,450

Service	Calculated Non- Residential Charge / Sq.m November 15, 2024	Calculated Non- Residential Charge / Sq.m March 31, 2025	Calculated Non- Residential Charge / Sq.m September 22, 2025
Library Services	\$0.00	\$0.00	\$0.00
Parks And Recreation	\$0.00	\$0.00	\$0.00
By-Law Services	\$0.26	\$0.26	\$0.26
Development Related Studies	\$1.29	\$1.29	\$1.29
Fire Services	\$8.44	\$7.93	\$7.93
Services Related to a Highway		\$0.00	
Public Works	\$5.98	\$5.98	\$5.98
Roads And Related	\$164.95	\$116.38	\$82.46
Waterworks	\$62.28	\$62.28	\$62.28

Sanitary Sewer Services	\$88.50	\$91.67	\$91.67
TOTAL NON-RESIDENTIAL CHARGE PER SQUARE METRE (SERVICED)	\$331.70	\$285.79	\$251.87

The administration is recommending moving forward with the Development charge by-law adoption using the September 22nd rate iteration. The capital cost adjustments put forward can be found in the communication to the development industry is also attached to this report. The commended DC Rate schedule by unit type is provided below.

Service	Charge By Unit Type		
	Single & Semi-Detached	Rows & Other Multiples	Apartments
Library Services	\$667	\$530	\$353
Parks And Recreation	\$9,200	\$7,311	\$4,874
By-Law Services	\$36	\$28	\$19
Development Related Studies	\$192	\$153	\$102
Fire Services	\$1,168	\$928	\$619
Services Related to a Highway			
Public Works	\$873	\$694	\$463
Roads And Related	\$12,158	\$9,662	\$6,441
Waterworks	\$9,373	\$7,449	\$4,966
Sanitary Sewer Services	\$13,783	\$10,954	\$7,302
TOTAL RESIDENTIAL CHARGE (SERVICED)	\$47,450	\$37,709	\$25,139

The following questions were also raised at the public meeting.

Rural vs urban, - area specific development charges

Following Council’s questions regarding the potential implementation of a rural versus urban (area-specific) development charge structure, staff has prepared a summary of the key challenges associated with adopting area-specific development charges. This analysis aims to inform Council of the administrative, financial, and policy-related implications that such an approach would entail, and to support a more comprehensive understanding of the potential impacts on the City’s growth management framework and development charge regime.

1. Administrative Complexity and Cost

- a. Splitting the municipality into rural and urban service areas would require extensive study, mapping, and justification under the Development Charges Act.
- b. This would increase administrative burden, including:
 - i. Maintaining separate project lists and service standards

- ii. Creating and monitoring area-specific reserve funds
 - iii. Updating policies more frequently due to shifting growth dynamics
 - c. The added consulting and staff time to manage two systems could offset any minor gains in perceived fairness.
- 2. Limited Infrastructure Differentiation
 - a. Unlike large municipalities like Ottawa, Clarence-Rockland's infrastructure systems are relatively integrated.
 - b. Many capital projects (e.g., roads, fire stations, recreation facilities) serve both urban and rural populations, making strict separation impractical.
 - c. Attempting to assign costs to "urban-only" or "rural-only" users would be arbitrary and could open the city to appeals or legal challenges.
- 3. Risk of Inequity and Discouraging Investment
 - a. A separate rural DC may result in lower fees for rural development, leading to:
 - i. Unintended sprawl
 - ii. Higher long-term servicing costs (e.g., roads, emergency services)
 - iii. Increased pressure on rural infrastructure not built to urban standards
 - b. Alternatively, a higher rural DC could discourage small-scale development like farm severances or rural home builds, which are already more expensive due to lack of servicing.
- 4. Growth Management Objectives
 - a. Clarence-Rockland aims to support balanced, sustainable growth. Creating distinct DC regimes may:
 - i. Undermine the city's Official Plan policies promoting intensification or village growth
 - ii. Signal that rural development is "cheaper," when in reality it often costs more over the long term per unit
 - b. A unified DC rate supports consistent messaging that growth must contribute its fair share, regardless of location.
- 5. Policy Stability and Predictability
 - a. Developers and landowners value transparency and simplicity.
 - b. A single, harmonized DC rate:
 - i. Makes it easier to forecast project costs
 - ii. Reduces disputes over service boundaries
 - iii. Aligns with the city's past practice, avoiding abrupt policy shifts that could disrupt investment
- 6. Legal and Technical Risks

- a. Area-specific DCs must be justified with detailed background studies, including:
 - i. Capital plans linked to specific areas
 - ii. Service level analysis
- b. Without clear and defensible boundaries, the city is vulnerable to appeals at the Ontario Land Tribunal (OLT), delaying by-law adoption and increasing legal costs.

Lastly, the urban service DC for water and wastewater are only levied to those units receiving those services.

Projects not completed

When development charges (DCs) are collected for a specific project identified in a previous Development Charges Background Study but the project has not yet been completed, the collected funds are not lost or misused. Instead, they are held in a dedicated reserve fund designated for that service category (e.g., roads, water, wastewater, etc.). These funds remain available to finance the eligible growth-related portion of the project when it proceeds, even if that occurs under a subsequent or revised Development Charges Background Study. The funding currently available is presented as "Available DC Reserves" in the background study. If the project is abandoned, the money is allocated to another project within the same service category.

In cases where the project is still identified in the revised study, this confirms the municipality's ongoing intent to complete the project and justifies the continued use of those funds for the same purpose. The updated study may reflect revised costs, timing, or scope of the project, but the previously collected funds remain applicable and are applied toward the growth-related share of costs.

Causes of Timing Differences

There are several reasons why a project included in an earlier DC study might not proceed within the initially estimated timeframe:

- Changes in development patterns or growth forecasts: If growth is slower than expected the demand for certain infrastructure may be delayed accordingly.
- Project planning or design delays: Some projects require more extensive studies, approvals, or coordination with other infrastructure before they can proceed.
- Funding constraints: The municipality may defer projects if there are funding shortfalls in other cost components not covered by DCs (e.g., non-growth-related share or grants).
- Council priorities or policy changes: Strategic shifts, reallocation of resources, or changes in political direction can affect the timing of capital projects.

- External factors: Environmental approvals, land acquisition issues, or coordination with other levels of government or utility providers can also impact timelines.
- Despite these timing differences, development charges remain committed to funding growth-related infrastructure, and the municipality ensures that funds are managed and used in accordance with the Development Charges Act and applicable financial policies.

Development Charges by apartment size

The administration is not recommending the implementation of various rates per apartment size. As an example, it is important to note that if the City was to create a rate for a bachelor unit, the fee for a 2- or 3-bedroom apartment would increase to what is currently presented.

1. Administrative Complexity
 - Tracking, verifying, and applying the correct DC rate based on unit size adds complexity to the permitting and billing process. The city currently administers 16 different rates for development charges. This could double depending on how many different apartments size categories are created.
 - It can be difficult to consistently categorize units, especially if plans change during construction or units are reconfigured.
 - The city can never go back to a single rate for apartments once it starts creating different rates per apartment size.
2. Enforcement and Compliance Issues
 - There's a risk that units are approved under a lower-rate category and later modified (e.g., dens converted into bedrooms).
3. Unclear Link to Actual Service Usage
 - The number of bedrooms doesn't always directly correlate with actual service demand or population. For example, a 1-bedroom apartment may be occupied by two people while a 3-bedroom unit might house only two.
 - This weakens the rationale for charging significantly different rates based on unit size alone.
4. Potential for Inequity Among Developers
 - Developers of smaller units may pay proportionally less even though infrastructure costs (e.g., roads, watermains) are not significantly different per unit.
 - This could create perceived unfairness or cross-subsidization between developments.
5. Discouragement of Larger Units or Family-Oriented Housing
 - Higher DCs for larger apartments could discourage the development of 2- and 3-bedroom units, which are often needed to support family housing and long-term community stability.

- This may conflict with planning or housing policy goals aiming for diverse, inclusive housing stock.

Phase-in

The proposed By-law includes a phase-in measure to provide the development community with greater stability and predictability during the transition to the new rates. Specifically, the new development charge rates would only take effect on January 1, 2026, rather than immediately upon passage of the By-law. In addition, the City is proposing to forgo the annual indexation of charges for the first year with the first adjustment being on January 1, 2027.

Benefits:

Provides developers and builders with additional time to adjust their financial planning and project timelines.

Signals predictability and good faith on the City's part, supporting continued investment.

Reduces the risk of sudden increases in project costs that could discourage short-term development activity.

Trade-offs:

Deferring implementation results in lower development charge revenues in the first year, which may delay cost recovery for growth-related infrastructure.

Forgoing indexation increases the risk that inflationary pressures on construction costs will not be fully reflected in the rates, shifting some cost burden to future updates or to the City's tax base.

On balance, staff recommend this phase-in approach as a reasonable compromise, offering the development industry stability while ensuring the City continues to move forward with an updated framework for recovering growth-related costs.

Comparable

There is not a direct correlation between the rate of growth (i.e., how fast a community is growing) and the cost of development charges. While development charges (DCs) are collected to fund infrastructure needed to support growth, the actual cost of the charges is driven primarily by the cost of the infrastructure itself, not the pace of development.

Comparisons with other Ontario municipalities are included in Appendix **C**.

Consultation

The development charge update process has provided numerous opportunities for consultation with our residents and development stakeholders. The development community was given almost a year to review the draft Background Study and associated development charge rates and encouraged to provide written comment back to staff.

The December 11th, 2024 Public Meeting was a mandated meeting under the Development Charge Act and provided interested parties with an opportunity to review and provide comment on the draft background study and development charge bylaw. The city held an additional public meeting on July 28 to furthermore engage with the development community.

Following the formal meetings, continues discussion with the local development industry occurred and and a follow-up meeting was held on August 27th, 2025.

Recommendations or comments from committee/ other departments

N/A

Financial impact (expenses/material/etc.)

Approval of the development charge Background Study and by-law will have significant financial impacts on the municipality. There is a requirement for the City to finance the non-growth share of the proposed capital programs. This is estimated to be approximately \$16.3 million over the ten-year period, however, this share is related to fund key pieces of infrastructure which will service the City over a much longer period than 10-years.

Legal implications

The Development Charges Act requires municipalities to update their development charge by-law and supporting background studies at least every ten years (recent legislation updated the renewal from -years). Failure to do so would preclude the municipality's ability to collect development charges. Currently, the City must pass a new development charge by-law by no later than November 19, 2025.

Risk management

There is a risk of not being able to collect development charges for growth related infrastructure if a new development charge by-law is not enacted before November 19, 2025.

Strategic implications

The Development Charge By-law update process is consistent with the City's approved Strategic Plan since it supports financial stability in relation to economic development commercial/industrial growth and the optimization of funding opportunities for growth.

Supporting documents

Appendix A: By-Law **2025-XX**, a by-law with respect to development charges

Appendix B: Updated Development Charge Capital Program

Appendix C: Development Charge comparable

Appendix D: Correspondence with developers