

Changes to Development Charges laws are bringing a financial hit to the Town

Provincial changes on how municipalities like Aurora can collect Development Charges (DCs) from incoming developers are resulting in a financial hit at the municipal level.

Council last week considered a year-end update from staff outlining where things stand on incoming DCs – that is, money paid by developers to municipalities to account for the stress of growth on municipal services and facilities – given the recent changes.

“DCs are imposed by the Town of Aurora to recover growth-related capital costs from both residential and non-residential developments as determined under the Development Charges Act,” reads the report. “More specifically, these growth-related costs relate to investments that are necessary for the Town to maintain its existing levels of service to a growing community. Any investments resulting in a level of service increase are ineligible for recovery through DCs. As required under the DC Act, all DCs are held in a separate reserve fund until spent.”

While the report notes that Aurora's DC Reserves had a net balance of \$19.03 million as of December 31, 2024, DCs reserved for Parks and Recreation uses are overdrawn and the DCs brought in over the course of the last year were well below average.

“The Town collected a total of \$6.29 million in new Development Charge revenues in 2024, well under the \$16.9 million annual average projected by the Town's 2024 DC Study,” the report continues. “Numerous legislative changes and present economic conditions have negatively impacted the Town's actual Development Charge collections. As a result of DC fund availability, some planned growth infrastructure may need to be deferred or financed.”

In one instance, the report notes that a loss of \$0.4 million due to DC exemptions was replaced in coffers from the Town's Tax Rate Stabilization Reserve, a detail which raised questions from Council members and members of the public alike.

Town Treasurer Rachel Wainwright-van Kessel told lawmakers this was a temporary measure until there was more certainty from the Province over DC exemptions, but resident Shawn Deane delegated to Council concerned that “taxpayers are paying to give developers a break” through use of the Tax Rate Stabilization Reserve.

“I work hard for my money and I don't think you're disrespecting it or trying to waste it, but I get nothing out of private land development – nothing – and not even a residual benefit that, “Oh, we're going to have extra homes” to generate extra revenue,” said Deane. “My recommendations would be to do a survey with Engage Aurora (the Town's online feedback platform) about this specific matter, write a new bylaw that protects taxpayers from paying for non-essential expenses, which taxpayers do not receive a benefit? I would think it's appropriate to voice our opposition to Premier Ford on this Development Charge Act. If developers are exempt, but taxpayers aren't, that's problematic.”

Following the delegation, Ward 5 Councillor John Gallo questioned how the decision was made to use the Tax Rate Stabilization in this way.

“That's, in my view, a delicate fund and I believe we at this table should be in control of it unless we've given authority to staff to do it,” said Gallo. “If this is a temporary concept, okay, but I would like to know more [in the next report] to better understand how we're dealing with it because this is not a one-off. I suspect it is going to just get worse. We have to figure out how to do this and we can't keep funding it from the Tax Rate Stabilization Fund.”

Added Ward 4 Councillor Michael Thompson: “I support the idea of coming back and having a broader conversation and, to Councillor Gallo's points, I do think that the issue will continue” as we continue to see some changes, perhaps there'll be additional legislation.”

Addressing the Treasurer, he continued: “I appreciate the information you shared with us today, which once again says that the

Development Charges we've collected are less than what we budgeted for. We're seeing an impact with that respect. I know you mentioned that we'll have some broader conversations at Budget time when it comes to our 10-Year Capital Plan.

?I think that?we have so very few mechanisms to collect revenue for the municipality that certainly all the changes that are happening with DCs will have a big impact on us. It warrants a bigger, broader conversation amongst staff and Council.?

By Brock WeirEditorLocal Journalism Initiative Reporter