

August 27, 2021

To: Northumberland Builders and Construction Association (NBACA)

RE: NBACA Letter Re: July 6th Development Charges Call

Thank you for your letter addressed to Northumberland County Council, the Finance and Audit Committee and Administration Staff expressing the concerns of NBACA members in respect of a proposed by-law to amend the existing County-wide Development Charges (D.C.).

As you are aware, your letter was provided to County Council as correspondence at the Council meeting of August 25 for review and consideration. Council considered NBACA feedback and recognized developers as important partners in community development. Ultimately, Council did approve amending the by-law at this meeting, based on the rationale outlined below.

D.C.s are one-time fees levied by municipalities on new residential and non-residential lands. The purpose of D.C.s is to ensure that new development pays its proportionate share of the capital costs municipalities incur to service this area. It is common practice for municipalities in Ontario to utilize D.C.s, thereby ensuring that the capital cost of providing services to new development is borne by the development receiving the benefit.

The first County-wide D.C. was approved on Aug. 26, 2020 with enactment on Oct. 1, 2020. Given this was the first County-wide D.C., in addition to holding the statutory public meeting, two consultation sessions were facilitated for the development community. Also, at the onset of processes for drafting of the first County-wide D.C., notice was provided by the Treasurer's Office to known developers and a meeting was held with members of the development community at the request of the Brighton Homebuilders Association.

After the County completed processes for drafting of this first County-wide D.C. Background Study and the associated D.C. By-law 2020-36, the Province passed Bill 197, the COVID-19 Economic Recovery Act, 2020. This Bill aims to stimulate the economy, build strong communities and provide greater financial flexibility to municipalities. It includes changes to various pieces of legislation, including additional changes to those proposed in Bill 108 – More Homes, More Choice Act, 2019.

The changes in legislation warranted an amendment to the County D.C.by-law, ensuring full funding of D.C. eligible costs with the elimination of the 10 per cent deduction that had been in place for certain services prior to these legislated changes. Municipalities have the ability to update their D.C.'s within the five-year effective period and many have in response to the recent changes in legislation. Municipalities will also often amend when significant cost estimates

warrant it as this allows for recovery of costs sooner as opposed to recouping at the next by-law update as municipalities are entitled to fund the actual D.C. eligible costs incurred for projects.

The updated Background Study and amending by-law were made available on the County website for review on June 22nd with official public notice and direct correspondence to development community stakeholders advising of this. In accordance with requirements of the D.C. Act, the County facilitated a public meeting for the proposed amendment on July 6th. Notice was provided through local newspapers, the County website and a letter from the Treasurer's Office directly to known builders within the area. In addition, a meeting was facilitated for with the NBACA subsequent to the public meeting, at your request.

Reserve fund reporting is undertaken on an annual basis as per the requirements of the Act. First year's reserve funding is not yet available. The by-law amendment was undertaken based on the 2020 D.C. Background Study representative of forecast needs for new development over the 2020-2030 period. As such, the D.C. revenues and expenditures that have occurred since by-law implementation in October 2020 have no impact on the amended calculation.

I am available to meet at any time to further review the process to establish this County-wide D.C. and answer any questions. Please feel free to contact me at deesg@northumberland.ca. I look forward to continuing to work with the NBACA and its members.

Sincerely,

A handwritten signature in black ink, appearing to read 'Glenn Dees', with a stylized, flowing script.

Glenn Dees, CPA, CGA
Director of Finance/Treasurer
Northumberland County

c.c. County of Northumberland Finance and Audit Committee