

Memorandum to the Council of Corporation of the Municipality of Temagami

Subject: Development Charges Background Study

Memo No: 2025-M-036

Date: February 13, 2025

Attachment: None

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Recommendation

BE IT RESOLVED THAT Council receives Memo 2025-M-036 as presented;

AND FURTHER RESOLVED THAT Council authorize the Chief Administrative Officer to initiate the Development Charges Background Study under the *Development Charges Act, 1997*, and bring forward a proposed framework of the study for approval.

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Executive Summary

This report seeks Council authorization to initiate the Development Charges Background Study as mandated by the *Development Charges Act, 1997* (DCA). The study is essential for drafting the Development Charges By-law (DCB) and will assess growth-related capital costs to ensure sustainable infrastructure funding without placing an undue burden on existing taxpayers. Aligned with Resolution 24-532, the DCB adheres to the principle that "growth pays for growth."

Background

The *Development Charges Act, 1997*, requires municipalities to conduct a Development Charges Background Study before enacting a Development Charges By-law. This study evaluates growth-related capital costs to ensure sustainable infrastructure funding.

Currently, our municipality lacks a Development Charges By-law, which creates challenges in funding essential services required by new developments. Implementing a DCB ensures that new developments contribute their fair share of infrastructure costs, securing funding for services such as roads, water systems, fire services, and recreation facilities.

In alignment with Resolution 24-532, Council has directed staff to prioritize the Development Charges By-law as a key initiative to establish a fair and transparent revenue framework. This study serves as the foundation for a structured framework that ensures growth-related charges are equitable, justifiable, and aligned with municipal and provincial requirements. It will provide the foundation for data-driven decision-making, ensuring that growth-related charges are equitable, justifiable, and aligned with municipal and provincial requirements.

Development Charges Study Requirement

Legal compliance, financial sustainability, and a fair taxation framework are essential for successfully implementing development charges. The Development Charges Background Study serves as a critical tool to ensure that growth-related infrastructure costs are allocated in a manner that is transparent, equitable, and legally defensible. It provides municipalities with the

necessary data to establish fair and justifiable fees while ensuring that taxpayers are not unduly burdened by new development.

Legislative Compliance

- The *Development Charges Act, 1997*, mandates that a background study be completed before passing a new or updated development charge by-law.
- The study must be updated at least every five years to reflect growth projections, infrastructure needs, and legislative changes.

Justification of Growth-Related Costs

Development charges can only be used for growth-related capital expenditures, such as:

- Roads and transportation infrastructure
- Water and sewer systems
- Fire stations and emergency services
- Recreation facilities: The study identifies the eligible costs to ensure that charges align with actual service demands.

Exclusion of Ineligible Costs

- Development charges cannot be used for operational expenses, such as salaries and maintenance.
- Funding for infrastructure replacement is prohibited unless it increases capacity.
- Housing services are not eligible for funding under the More Homes Built Faster Act, 2022.

Establishing a Fair and Defensible Fee Structure

- The study provides a rational basis for fee calculation, ensuring that charges are proportional to growth-related needs.
- Without an updated study, development charges may not be legally defensible, exposing the municipality to financial and legal risks.

Ensuring Transparent Public Consultation

- The Act requires public consultation before enacting a new development charge by-law.
- The study provides necessary data to engage stakeholders and ensure transparency in decision-making.

Securing Sustainable Infrastructure Funding

- Without development charges, municipalities would need to rely on general taxation or other funding sources, increasing financial pressure on existing residents.
- The study ensures that growth pays for growth, maintaining financial sustainability for municipal infrastructure.

Conclusion

The Development Charges Background Study is a crucial step in ensuring that growth-related infrastructure costs are fairly allocated. By proceeding with this study, the municipality will establish a transparent and equitable framework that supports sustainable urban development without disproportionately burdening existing taxpayers. The successful implementation of the Development Charges By-law will provide long-term financial stability and ensure that essential municipal services keep pace with future growth.