



GRAND VALLEY

STAFF REPORT

To: Mayor and Members of Council

From: Mark H. Kluge, Manager of Planning
Steven Freitas, Director of Finance/Treasurer

Meeting Date: October 14, 2025

Report Number: 2025-172

Subject: Temporary Reduction of Development Charges

Recommendation

THAT Council receives Report 2025-172, dated October 14, 2025, Temporary Reduction of Development Charges;

AND FURTHER THAT Council provides guidance on the proposed temporary reduction to the existing Development Charges By-law. Specifically, clarity is sought on whether the By-law revision/wording and temporary reduction should be formulated based on either:

- Scenario A – The construction of 40 Residential Dwelling Units, or
- Scenario B – The issuance of 40 Municipal Approvals.

Executive Summary

Purpose

To provide Council with a response to resolution 2025-09-41, specifically for staff:

To investigate reducing DC by 40% for the next 2 years or until 40 Municipal Approvals have been granted at which time Staff bring it back for Council's consideration.

Key Findings

Through its investigation Staff advise the following:

- The Town has authority under section 19 of the Development Charges Act, 1997, S.O. 1997, c.27 to amend its Development Charges By-law to decrease the amount of

Development Charges payable for one or more types of development in the circumstances specified in the amendment.

- 40 Municipal Approvals does not necessarily mean 40 units, it could result in more units if the proposal is a multi-unit development, meaning semi-detached, townhomes or multi-unit buildings.
- If a reduction in Development Charges were to be applied for a 2-year period there are other developers that could benefit from this, not just Thomasfield.

Financial Implications

Depending on Council's direction regarding the application of the 40% reduction to Development Charges over a two-year period, Development Charges revenues could be lower by an estimated amount of between \$985k to \$1.836M.

Unless the Town can find an alternate funding source, a reduction in Development Charges revenue will mean the Town will have less money to fund infrastructure and services for new development, potentially leading to higher property taxes, increased pressure on existing residents and businesses, and difficulties financing growth related projects for the community.

Report

Background

At the September 23, 2025, Council Meeting, the CAO presented a Staff Report [Request for Development Charges Reduction, 2025-164](#) which was a request from Thomasfield Homes to temporarily reduce the Town's Residential Development Charges by 50% until June 30, 2027. A [letter of support](#) for this request was also received from the Grand Highlands Home Builders Association. At this meeting Council passed the following resolution:

2025-09-41

Moved by: P. Latam

Seconded by: P. Rentsch

Whereas Development Charges contribute to higher housing costs;

BE IT RESOLVED THAT Council receives the Report – Request for Development Charge Reduction;

AND FURTHER THAT Council directs staff to proceed as follows:

To investigate reducing DC by 40% for the next 2 years or until 40 Municipal Approvals have been granted at which time Staff bring it back for Council's consideration.

CARRIED.

Discussion

Development Charges

When a developer applies to build a house or commercial space in Grand Valley, they pay development charges to cover the cost of new infrastructure and services needed to support new homes and businesses. The current amount of development charges payable is calculated in accordance with the indexing chart below (effective August 2025).

Service	RESIDENTIAL				NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	(per sq.ft. of Gross Floor Area)
Municipal Wide Services:					
Roads and Related	11,536	10,048	7,535	3,745	4.42
Fire Protection Services	3,941	3,433	2,575	1,280	1.51
Parks and Recreation Services	3,252	2,833	2,125	1,056	0.52
Library Services	2,879	2,508	1,880	934	0.46
Growth Related Studies	439	383	287	142	0.19
Total Municipal Wide Services	22,047	19,205	14,401	7,157	7.09
Urban Services					
Water Services	8,730	7,604	5,702	2,835	1.00
Wastewater Services	48,048	41,854	31,385	15,600	5.19
Total Urban Services	56,778	49,459	37,088	18,434	6.18
Rural Services					
Septage Services	340	296	222	110	0.00
Total Rural Services	340	296	222	110	0.00
GRAND TOTAL URBAN AREA	78,826	68,664	51,489	25,592	13.27
GRAND TOTAL RURAL AREA	22,387	19,502	14,624	7,268	7.09

Municipal Approvals

Town issued Municipal Approval is confirmation of Zoning Conformity when a Building Permit is to be issued by Dufferin County. A Municipal Approval is issued for every Building Permit, but Development Charges (DC) are only collected for new residential, industrial, and commercial developments, not for every Building Permit.

For the construction of one Single Detached Dwelling this would equate to one Municipal Approval issued by the Town upon payment of the applicable DC, so one for one. This, however, is not the case for multi-unit builds such as semi-detached, townhomes and multiple-unit builds. These developments would also require one Municipal Approval, but it would cover more than one dwelling unit.

When issuing Municipal Approvals for a multi-unit development, one Municipal Approval is granted per development. This means one Municipal Approval is issued for a semi-detached building (2 units), a block of six town homes or one 18-unit multi-residential building. While the

Town only issues one Municipal Approval, the Town still collects Development Charges (DC) on a per unit basis. A semi-detached building will incur two DC payments, a 6-unit block of town-homes 6 DC and an 18-unit multi-residential building 18 DC payments.

Thomasfield Development Charges (DC) Agreements

Currently, Thomasfield has two DC Agreements with the Town. The first was a DC pre-payment of \$1,070,151 for the new Well 5. Through By-law 2022-18, Thomasfield was granted a discounted DC rate of \$33,022 per single detached home, this was the DC in place at the time of signing the Agreement. Thomasfield can build 32 units (single-detached homes) under this Agreement.

Thomasfield's current development in Town is a 159 single detached and 57-unit townhome subdivision to be built in 3 phases:

- Phase 3B-1 is 70 single detached and is registered subdivision 7M-85
- Phase 3B-2 is 49 singles and 57 townhomes
- Phase 3B-3 is 40 singles

Currently, Thomasfield has built 24 out of 32 units that are subject to the first DC Pre-payment Agreement. The request for a reduction in DC does not affect this Agreement and the remaining 8 units would not benefit from a DC reduction.

The second Thomasfield Agreement is a prepayment of \$608,055 for the upgrades to the Emma Street Pumping Station. In this Agreement, Thomasfield pre-paid the roads and related charges, water services, and wastewater services of the DC only, not the full DC per unit. It is this Agreement that Thomasfield would like the 50% reduction of DC applied to the construction of the remaining 38 single detached units in Phase 3B-1.

Other Residential Developments

There are two other developments that could also potentially benefit from a reduction in Development Charges which are stalled due to market forces. 50 Emma Street is an 18-unit multi residential building that only requires Site Plan Approval and 152 Main Street at Rainey Drive a fully registered two block subdivision (7M-83) of 12 street townhomes (2 blocks of 6 units each). As discussed, these two developments would only require three Municipal Approvals one for the 18-unit building and two for the street townhomes (1 per block) but would equal 30 dwelling units, with the appropriate DC.

This does not however account for any other one-off residential builds for any type of unit in either the urban or rural area of Town, the Hill Town Drive Subdivision in Monticello or the Moco and Corseed Subdivisions, which are also subject to individual DC Pre-payment Agreements with the Town. All these developments/builds could potentially benefit from a reduction in DCs.

Changes to the Town's Development Charges (DC) By-law

Recent changes to the Development Charges Act (DCA) allow municipalities to make changes to their DC By-law. The DCA now allows for a simplified process to amend DC by-laws for certain situations, including extending the expiry date of a by-law, changing indexing provisions, or reducing the amount of the charge. With the simplified process, the Town does not need to prepare a study or hold a public meeting, but we need to give notice of by-law passage.

Municipal Approvals vs. Units

As outlined in this report the issuance of Municipal Approval for a single detached dwelling is one for one, but this is not the case for multi-unit builds, such as semi-detached homes, townhomes, or multi-unit buildings. For instance, one Municipal Approval issued for an 18-unit multi-residential building will require the payment of DC on a per unit basis, but only 1 Building Permit and 1 Municipal Approval.

Financial Impact

The intent of Development Charges are to ensure that new development pays for its share of increased infrastructure costs, this follows the "growth pays for growth" principle.

A reduction in DCs will result in a funding gap for growth infrastructure requiring the Town to cover these costs through other means. The most direct alternative to DC revenue is increasing property taxes or utility rates, which affects all residents and businesses, not just those benefiting from growth. The burden for financing growth-related infrastructure will fall on existing taxpayers and property owners.

To determine the possible impact on the Town's Development Charges revenues, an assessment was prepared based on the following assumptions:

Scenario A – Reduction of DCs by 40% for a two-year period **based on forty (40) residential dwelling units** as follows:

- Fifteen (15) Apartments – 2 Bedrooms + & three (3) Apartments – Bachelor and 1 bedroom
- Twelve (12) Other Multiples
- Ten (10) Single Detached Dwellings

Scenario B – Reduction of DCs by 40% for a two-year period **based on forty (40) municipal approvals** (which could equate to sixty-seven (67) residential dwelling units) as follows:

- One (1) Municipal Approval for fifteen (15) Apartments – 2 Bedrooms + & three (3) Apartments – Bachelor and 1 bedroom
- Two (2) Municipal Approvals for twelve (12) Other Multiples
- Thirty-seven (37) Municipal Approvals for thirty-seven (37) Single Detached Dwellings

It is important to note that the potential impact on Development Charges revenue differs significantly between these two options.

Given the scenarios and assumptions listed above, and depending on Council's direction regarding the application of the 40% reduction to residential Development Charges over a two-year period, Development Charges revenues for the Town could be lower by an estimated amount of between \$985k (Scenario A) to \$1.836M (Scenario B).

Unless the Town can find an alternate funding source, a reduction in Development Charges revenue will mean the Town will have less money to fund infrastructure and services for new development, potentially leading to higher property taxes, increased pressure on existing residents and businesses, and difficulties financing growth related projects for the community.

Consultations

- Watson and Associates Economists Ltd. – Town's DC Consultants

This report was submitted by

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