



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:** November 4, 2025

**Report Number:** **2025-181**

**Subject:** Temporary Reduction of Development Charges

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### Recommendation

**THAT** Council receives Report 2025-181, dated November 4, 2025, Temporary Reduction of Development Charges;

**AND FURTHER THAT** Council provides direction to Staff on each of the following:

- A. Whether to implement a 40% reduction in Residential Development Charges for all dwelling types, to a maximum of 40 units;
- B. Whether the reduction applies only to the Urban Area or both the Rural and Urban Areas of Grand Valley;
- C. Whether the reduction is in place for the remainder of this term of Council and expire on November 16, 2026, or for a longer period;
- D. Whether to include a budget line item of \$1,261,000 for the 2026 Budget to be raised through Municipal Taxes;
- E. Whether to transfer the \$1,261,000 to a new Reserve Account to fund the portion of capital growth related infrastructure projects not collected through Development Charges;
- F. Whether to create and implement a DC Reduction Policy.

## Executive Summary

### Purpose

To provide Council with a response to [Resolution 2025-10-08](#), from the Tuesday October 14, 2025, Council Meeting, specifically for staff to:

- Focus on Scenario A – the construction of 40 residential dwelling units;
- Consider Development Charges (DC) be applied at Occupancy versus issuance of Municipal Approval;
- Consider that reduced DC is to only be applied in the Urban Area;
- Hold a Special Council Meeting on November 4, 2025, and consult with Developers.

### Key Findings

Through its investigation Staff advise the following:

- 40 residential dwellings do not solely mean single detached. The definition of housing options, including single dwelling units, encompasses semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units (ARU), tiny homes, laneway housing, garden suites, rooming houses and multi-residential buildings, including low- and mid-rise apartments.
- The collection of DC at Occupancy versus Municipal Approval could pose significant additional administrative burden on Town Staff;
- The application of a reduction in DC to only the Urban Area could be seen as unequitable;
- A 2-year time limit for reduced DC binds the future Term of Council (2026-2030);
- The reduction of DC will limit the Town's ability to move forward with the construction of infrastructure to service new growth.

### Financial Implications

Depending on Council's direction regarding a reduction to DC, DC revenues could be lower by a significant amount. Unless the Town can find an alternate funding source, a reduction 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.

If Council were to authorize a 40% DC Reduction, and to ensure future growth and infrastructure is funded in whole and in accordance with the approved 2024 DC study, a line item of \$1,261,000 would need to be included in the 2026 Budget and funds would have to be raised through Municipal Taxes. These funds would need to be transferred to a new reserve and used to fund the portion of capital growth related infrastructure projects not collected through development charges.

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## Report

### Background

At the September 23, 2025, Council Meeting, the CAO presented 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.

At the October 14, 2025, Council Meeting, Planning and Finance presented Staff Report [Temporary Reduction of Development Charges, 2025-172](#), seeking further guidance and clarity from Council on resolution: 2025-09-41. At this meeting Council passed the following resolution:

2025-10-08

Moved by: P. Latam

Seconded by: J. Jonker

**BE IT RESOLVED THAT** Council receives the Report 2025-172, dated October 14, 2025, Temporary Reduction of Development Charges;

**AND FURTHER THAT** Staff be directed to look at Scenario A (the construction of 40 Residential Dwelling Units);

**AND FURTHER THAT** Staff look at Development Charges reductions based on occupancy versus Municipal Approval;

**AND FURTHER THAT** Staff look at the focus to be the Urban Area;

**AND FURTHER THAT** Council holds a special meeting on November 4, 2025, at 6 PM;

**AND FURTHER THAT** all developers get notice of said meeting and be invited to comment.

CARRIED.

## Discussion

### Scenario A – The Construction of 40 Residential Dwelling Units

Housing options as defined by the PPS 2024 means:

*a range of housing types such as, but not limited to single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units (ARU), tiny homes, laneway housing, garden suites, rooming houses, and multi-residential buildings, including low- and mid-rise apartments.*

A diverse inventory of residential housing options attracts and meets the needs of a wide range of residents, including different age groups, income levels, and household compositions. Any reduction in DC should be applied to all types of Residential Units, in the Urban and Rural Areas of Grand Valley.

A reduction based on 40 residential units has been proposed by Thomasfield to complete Phase 3B-1 of their current subdivision.

### Time Limit for DC Reduction

If a reduction in DC was to be implemented by Council it should be applied only for a set time period, and not for a specific number of dwelling units or types. If Council were to use a 2-year time limit to 2027, this would fall into the next term of Council (2026-2030). In order to keep this proposed DC Reduction within this term of Council, the end date should be November 15, 2026, as this is the last day in office for this term of Council. Should the next term of Council (2026-2030) wish to revisit or extend a DC Reduction they would advise staff to bring forward the necessary report and by-law. This prevents this term of Council from binding a future term of Council on lost DC revenue.

### Payment of Development Charges (DC) at Occupancy vs. Municipal Approval

Currently, DCs are paid when the Town issues Municipal Approval (Zoning Clearance) and the funds are placed into the Town's DC Account. The Builder then applies for their County issued Building Permit (and at that time pays the County and School Boards DC).

On October 30, 2025, the Town received correspondence from the Ministry of Municipal Affairs and Housing. In this letter, the Ministry notifies the Town that, effective November 3, 2025, Non-rental residential DC payments can only be collected at the date of occupancy permit or first occupancy. This letter is attached as **Appendix 1** to this report.

This new legislation will result in severe cash flow disruptions, increased financial risk, and increase the administrative work of Town Staff as they will be required to closely monitor the Building Permit Process to know when to invoice the Builder for their applicable DCs. Currently

home builders do not receive a Building Permit until DC are paid. The new homeowner has paid their applicable DC in the cost of the new home, but now that DC will be collected at occupancy, the potential for collection by the Town is not only delayed it is also reduced.

The delay in receiving DC at Occupancy also results in a loss of potential earned interest that could be realized and accumulated in DC reserve funds if the funds were received earlier at the issuance of Municipal Approval.

Building Permits are issued by Dufferin County via their on-line portal CityView. A notification to the Town that an Occupancy Permit was issued would assist in this process but would require a separate discussion with County Building Staff to determine if the CityView program could do this. Early discussion with County Staff have indicated that this feature is not currently available with CityView, but they are monitoring the situation and are in preliminary discussions with the CityView vendor.

### **Reduced DC in the Urban Area only**

All forms of housing options contribute to a more diverse residential inventory that appeals to a wide section of the population in both the Urban and Rural areas of a municipality. Limiting DC reduction to only urban area housing may be seen by some as unequitable.

However, 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 DC payable for one or more types of development in the circumstances specified in the amendment.

### **Financial Impact**

The intent of DC 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 DC 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 this gap in growth-related infrastructure will fall on existing taxpayers and property owners.

Unless the Town can find an alternate funding source, a reduction in DC 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.

If Council were to authorize a 40% DC Reduction, based on 40 Single Detached Dwellings (the highest payable DC) this would equate to a potential loss of approximately \$1,261,000 in DC revenue for future growth-related infrastructure. To ensure future growth and infrastructure is funded in whole and in accordance with the approved 2024 DC study, and to account for this loss in revenue, a line item of \$1,261,000 would need to be included in the 2026 Budget and funds would have to be raised through Municipal Taxes. These funds would need to be transferred to a new reserve to be established and used to fund the portion of capital growth related infrastructure projects not collected through development charges.

### **Consultation**

As per Council's direction, Staff provided notification and request for comments from developers for this Special Council Meeting via email on October 20, 2025, see **Appendix 2**. Notification was sent to the following Developers:

- Thomasfield Homes Limited
- 152 Main Street at Rainey Drive
- Sheldon Creek Developments
- Golden Canadian Homes Inc.
- 20 Scott Street Developments
- Cortel Group for Moco and Corseed Subdivisions

Comments received have been included under correspondence on the Special Council Meeting Agenda and Addendum.

### **Appendices:**

Appendix 1: Correspondence from MMAH, October 30, 2025

Appendix 2: Notice to Developers

### **This report was submitted by**

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### **This report was approved by**

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