Staff Report

To	Committee of the Whole
Service Area	Office of the Chief Administrative Officer
Date	Wednesday, March 4, 2026
Subject	**2026 Administrative Development Charge By-law Update**

Recommendation

1. That the 2026 Development Charges Update Study dated January 30, 2026, included as Attachment-1 to report 2026-76 - 2026 Administrative Development Charge By-law Update, be approved.
2. That the Administrative By-law revisions set out in Chapter 3 of the 2026 Development Charges Update Study dated January 30, 2026, be approved.
3. That, in accordance with the Development Charges Act, 1997, as amended, Council determine that no further public meeting is required in respect of the proposed 2026 Amending Development Charges By-law.
4. That By-law Number (2026) – 21203 included as Attachment-2 to report 2026-76 – 2026 Administrative Development Charge By-law Update dated March 31, 2026, be approved.
5. That the updated Development Charge Interest Policy included as Attachment-3 of report 2026-76 - 2026 Administrative Development Charge By-law Update, be approved.
6. That Council direct staff to update the City's Local Service Policy by May 27, 2027, as described in report 2026-76 – 2026 Administrative Development Charge By-law Update.

Executive Summary

Purpose of Report

The purpose of this report is to present proposed administrative updates to the City's Development Charges (DC) By-law to improve alignment with recent amendments to the Development Charges Act (DC Act).

The report also outlines the financial, policy, and administrative implications of recent provincial legislation, including changes to DC payment timing, rate freeze provisions, local service policy requirements, and land cost recovery.

Key Findings

The City is adapting to a rapidly changing economic and legislative environment with multiple updates to DC legislation and regulation occurring annually over the past several years.

- Bill 17 is now in effect through an Order in Council, shifting residential DC collection from building permit issuance to occupancy, with no interest on deferred payments. This change has both financial and administrative implications.
- Bill 60 introduced further structural changes to the DC framework, including mandatory requirements for Local Service Policies (LSPs) and a separate land acquisition class, necessitating work to align City policy with the new requirements.
- Continued amendments to the DC Act create an environment of ongoing uncertainty for municipalities and the development community, requiring adaptable and resilient approaches to manage.
- Staff are recommending an administrative DC By-law update dated March 31, 2026, to align with current legislation and consolidate recent amendments. These changes are assessed as administrative in nature.

Strategic Plan Alignment

Development charges are a key funding source for growth-related infrastructure. This report supports the City Building theme of the Strategic Plan, particularly the objective of improving housing supply by identifying and addressing funding gaps in our growth revenues.

Future Guelph Theme

City Building

Future Guelph Objectives

City Building: Improve housing supply

Financial Implications

Collecting development charges at occupancy delays revenue collection, with deferral periods varying significantly by development type. While development charge revenues are expected to be recovered over time, the shift in timing compounds already lower-than-forecast collections and results in a loss of the time value of money. The impact from 2026 through 2028 is projected to range from approximately $10 million to $20 million per year. As a result, staff anticipate that additional capital project deferrals will be required and will bring forward recommendations through the 2027 budget confirmation process.

In addition, while the City's Local Service Policy is largely compliant with recent legislation, it will be formally reviewed and updated to meet Bill 60 requirements, with the cost of undertaking a full review and update of the policy using previously approved budget in capital project GG0239 – Growth Revenue Project, which is funded from the Growth Studies DC Reserve Fund (#318).

Report

Administrative DC By-law Update

Overview

Ongoing provincial amendments to the DC Act have created increasing misalignment with the City's DC By-law, adding complexity to DC administration and interpretation. An administrative update to the DC By-law will improve

alignment with the DC Act, including changes related to payment of residential development charges at occupancy, rate freeze provisions, and technical or housekeeping corrections. Recent legislative changes under Bill 185 and Bill 17 have provided an opportunity to consolidate these amendments into a single update.

To improve resilience to ongoing legislative change, staff recommend placing greater reliance on statutory references to the DC Act and supporting City policies, rather than detailed prescriptive language in the By-law. This approach reduces the risk of future misalignment as provincial legislation continues to evolve but also means the By-law will contain less procedural detail than in previous iterations. While this enhances legislative alignment and flexibility, it reduces the extent to which the DC By-law functions as a comprehensive reference document for the administration of DCs.

Impact

The City's DC consultants for this update, Watson & Associates, have confirmed that the recommended amendments are administrative in nature and do not affect growth forecasts, service standards, capital programs, or development charge calculations.

A DC Update Study is included as Attachment-1, the Amending Development Charges By-law is included as Attachment-2, and the updated Development Charge Interest Policy is included as Attachment-3.

Deferral to Occupancy Legislation (Bill 17)

Overview

Bill 17 (Protect Ontario by Building Faster and Smarter Act, 2025) received Royal Assent on June 5, 2025. Key changes to the DC Act under Bill 17 are summarized as follows, but at the time of receiving Royal Assent, there was no timeline provided for these changes to come into effect:

- DC payments deferred to occupancy for all residential developments (DCs were previously paid at building permit issuance).
- No interest on deferred payments.

This change came into effect November 3, 2025 through an Order in Council made on October 23, 2025. Development charge collection forecasts included in the 2026 budget and forecast are based on the 2023 DC Background Study, which leverages analysis from the City's Growth Strategy, however the forecast for 2025-2027 was revised downward to reflect lower-than-previously anticipated collections.

Impact

Using the City's building permit data, staff have completed an analysis of the financial impacts of collecting development charges at occupancy. The analysis is based on historical residential developments with DCs collected from 2021 onward, using the time elapsed (months) between building permit issuance and first occupancy as a proxy for collections deferral under the current legislative framework.

The results indicate that, depending on development type, the average time from permit issuance to occupancy varies significantly, with higher density development requiring longer deferral periods. When these historical deferrals are applied to the

City's forecasted residential DC revenues, the timing impact to collections is estimated to be in between $10 million and $20 million depending on the year, as noted in Figure 1 below.

Figure 1: Estimated Annual Impact of DC Collections at Occupancy by Housing Type ($)

Year	Residential DC Collections[1]	Revised DC Collections	Variance
2026	15,254,896	680,987	(14,573,909)
2027	23,210,956	13,024,650	(10,186,307)
2028[2]	47,814,570	27,820,306	(19,994,264)

[1] Per the 2026 Budget and Forecast

[2]Not adjusted previously for lower than expected collections

While overall DC collections are expected to be recovered over time, the change in timing results in cash flow pressures, loss of interest income, extended reserve fund deficits, and increased volatility in collection patterns.

Next Steps

Staff will continue to monitor the impacts throughout the 2026 budget monitoring reports and will update the DC collections forecast as part of the 2027 budget update. These impacts will be assessed throughout budget preparation, and staff expect that additional capital budget deferrals will be required to maintain a balanced reserve fund forecast. Staff will also continue to monitor the risk of a cyclical pattern of low DC collections leading to capital deferrals and will evaluate the need for additional DC supported debt to manage cash flow pressures and mitigate this risk.

Bill 60 – Fighting Delays, Building Faster Act

Overview

Bill 60 (Fighting Delays, Building Faster Act, 2025) received Royal Assent on November 27, 2025. Key changes under Bill 60 are noted below:

- Local Service Policy (LSP):

  Municipalities must adopt a LSP within 18 months, identifying non-DC funded works and review cycles.

- Reporting and Oversight:

  Annual DC financial statements to Council (June 30) and Minister (July 15); Minister may request By-laws and studies.

- Land Acquisition Class:

  Land costs must be a separate class in DC By-laws; land value removed from the historic service level cap; recovery limited to 10 years for most services except core infrastructure (e.g., water, wastewater, roads, transit, police, fire).

Impact

- Local Service Policy:

  The LSP is a core development finance document that determines which infrastructure is eligible for DC funding, inclusion in historic service level calculations, and recovery under the City's Municipal Services and Financing Agreements (MSFA) policy. Under Bill 60, municipalities must adopt a compliant LSP within 18 months of Royal Assent, requiring Council approval by May 27, 2027. The City's current LSP largely meets the proposed minimum requirements and can be brought into compliance with relatively minor amendments, including explicitly identifying services to which the policy does not apply. Bill 60 also introduces a new requirement to review the LSP with every DC By-law update, accompanied by a Council resolution confirming whether further review is required.
  The City's last major LSP review occurred as part of the 2018 DC Background Study. As policy choices directly influence development charge rates and funding responsibilities, careful interpretation is required. Thus, updates to the policy are both technically complex and sensitive. Undertaking a review of the LSP will identify any opportunities to improve clarity and predictability for both the development community and the public regarding how growth-related infrastructure is funded.
  Staff are recommending advancing the review and update of the Local Service Policy beginning in 2026 to meet Bill 60 requirements and support future DC Background Study work. The policy update will include engagement with the development community to clearly distinguish between infrastructure that is funded locally by individual developments and infrastructure that is appropriately funded through development charges.

- Reporting and Oversight:

  Reporting changes pose minimal risk as timelines match existing processes. Submission of the DC financial statement to the Minister is a newly introduced requirement, however staff do not anticipate issues given that statements are already prepared and provided annually to Council.

- Land Acquisition Class:

  Under Bill 60, land costs must be established as a separate class of service within the DC framework. For this new class, there is no historical service level cap; however, land costs will no longer be included in the service level caps of the service categories to which they were previously attributed. In addition, the planning horizon for the land class is limited to 10 years for most services, except for core infrastructure such as water, wastewater, roads, transit, police, and fire. Further detailed analysis will be undertaken as part of the next comprehensive DC Background Study update (currently planned to begin in 2027 and receive Council approval in 2029), as required under the transition provisions for this change.

Next Steps

- Local Service Policy:

  Staff will develop an interdepartmental project charter and work plan to update the City's Local Service Policy. Project initiation will begin in 2026 with completion by May 27, 2027, in alignment with Bill 60 requirements.

- Reporting and Oversight:

  Staff will incorporate the newly required submission to the Minister into the City's established annual DC reporting cycle. This will leverage existing timelines, controls, and review processes already used for preparing and presenting long-term financial statements to Council.

- Land Acquisition Class:

  Incorporated under the next DC Background Study update as required under the transition provisions for this change.

Financial Implications

- Collecting DCs at occupancy delays collection, with historical analysis indicating significant variation in deferral periods by development type.
- Although payment timing at occupancy is permissive and not mandatory, the City assumes all DCs are paid at the latest allowable date. This timing shift results in near-term cash flow pressures, forgone interest earnings, reduces the present value of DC revenues, extended reserve fund deficits, and greater volatility in collection patterns.
- While DC collections are expected to be recovered over time, the deferral compounds already lower-than-forecast DC collections identified in the most recent DC Background Study update, due to reduced building activity. The projected financial impact from 2026 to 2028 is $10 million to $20 million per year; staff will continue monitoring through the 2026 budget monitoring reports and anticipate that additional capital project deferrals may be required, with recommendations to be brought forward through the 2027 budget confirmation process.
- The City's Local Service Policy, while largely compliant, must be updated and formally reviewed to meet Bill 60 timelines and new procedural requirements by May 27, 2027. Interpretation of the LSP remains technically complex and sensitive, with implications for DC rates, funding responsibility, and stakeholder relations. The cost of undertaking this work will be funded using previously approved budget in capital project GG0239 – Growth Revenue Project, which is funded from Growth Studies DC Reserve Fund (#318).

Consultations and Engagement

Finance staff worked with Legal and Watson & Associates to confirm recommended By-law updates.

Attachments

Attachment-1 2026 Development Charges Update Study

Attachment-2 By-law Number (2026) – 21203

Attachment-3 2026 Development Charge Interest Policy

Departmental Approval

Justin Wei, Deputy Treasurer, Manager Financial Strategy and Reporting

Report Author

Dylan Prince, Senior Financial Analyst, Financial Strategy and Reporting

Kevin Yaraskavitch, Senior Financial Analyst, Financial Strategy and Reporting

This report was approved by:

Shanna O'Dwyer
General Manager, Finance – City Treasurer and Chief Financial Officer
Office of the Chief Administrative Officer
519-822-1260 extension 2300
shanna.odwyer@guelph.ca

This report was recommended by:

Tara Baker
Chief Administrative Officer
Office of the Chief Administrative Officer
519-822-1260 extension 2221
tara.baker@guelph.ca