

Development Charges Transition Question and Answer

Q For municipalities that currently levy development charges (DCs) for soft services, what transition provisions are in place if they wish to collect for these services under the community benefits authority?

A Related to the proposed new community benefits charge authority, subsection 2(4) of the DCA is proposed to be amended so that development charges could only be imposed for 'hard services' (i.e., the services for which there is currently no 10% deduction in capital costs in calculating a development charge and waste diversion services). This change will necessarily come into force at the same time as all other changes related to the proposed new community benefits charge authority. However, for municipalities that currently levy DCs for soft services and wish to collect for these services through community benefits charges, transition provisions are proposed in Bill 108.

Existing DC by-laws expiring on or after May 2, 2019

DC by-laws that would otherwise expire on or after May 2, 2019 would remain in force in relation to soft services until the earlier of:

- The day that the DC by-law is repealed by the municipality,
- The day the municipality passes a community benefits charge by-law under the Planning Act, or
- A date that is prescribed in regulation.

Existing DC by-laws expiring after the prescribed date

DC by-laws that would have expired after the prescribed date, would instead expire in relation to soft services on the earlier of:

- The day the municipality passes a community benefits charge by-law, or
- A date that is prescribed in regulation.

Therefore, the bill would not impact the ability of a municipality to establish development charges for soft services until the proposed community benefits charge regime was in effect and would not impact the ability of a municipality to collect development charges for soft services until it passed a community benefits charge by-law or reached the prescribed date. For municipalities with development charge by-laws that would expire before the proposed community benefits charge regime was in effect, it would be for them to determine whether to rely on the proposed transitional extension of by-laws in relation to soft services or prepare a new background study and a new by-law dealing with soft services. In making this determination, they would be aware that the proposed

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transitional provisions would provide for a new by-law to be of no force in relation to soft services upon the transition to the community benefits regime.

The transition provisions are not proposed to apply to the current list of fully recoverable services (hard services) or waste diversion services. However, the potential extension of development charge by-laws expiring before the prescribed date would apply to by-laws in relation to ambulance services, which were also added as a fully recoverable service.

Any new DC by-laws passed after proposed amendment to subsection 2(4) of the Development Charges Act, 1997 (DCA) under Bill 108 come into effect would only be able to establish a charge for current hard services and waste diversion (proposed as a fully recoverable service under Bill 108), because soft services would no longer be recoverable under the DCA but instead through the Community Benefit authority.