

<b>To:</b>	Warden Matrosovs and Members of Grey County Council
<b>Committee Date:</b>	February 26, 2026
<b>Subject / Report No:</b>	PDR-CW-07-26
<b>Title:</b>	Development Charges Update
<b>Prepared by:</b>	Scott Taylor, Director of Planning and Mary Lou Spicer, Director of Finance
<b>Reviewed by:</b>	Randy Scherzer, CAO
<b>Lower Tier(s) Affected:</b>	All member municipalities in Grey County

## Recommendation

1. That report PDR-CW-07-26 regarding a Development Charges Update be received;
2. That staff be directed to continue work on updating the County's Development Charges Background Study and By-laws, in order to have a new Background Study and By-laws for Council's consideration in 2027; and
3. That staff be directed to prepare by-laws for Council's consideration to extend the length of the current County Development Charges By-laws 5127-22 and 5128-22.

## Executive Summary

After a competitive request for proposals (RFP) process, the County has retained Hemson Consulting Limited to prepare a new Development Charges (DCs) Background Study and By-laws. The County's current DC by-laws are set to expire on December 31, 2026. County staff are recommending that work be commenced on updating the DC Background Study and By-laws, but that the work be carried over into 2027, for reasons explained in this report. The DC Background Study and By-laws would then be a decision of the incoming County Council. As a result, staff are also recommending that by-laws be prepared to extend the County's Development Charges By-laws 5127-22 and 5128-22, such that there will not be a gap in collecting DCs in 2027 before the new by-laws are passed.

## Background and Discussion

The collection of DCs is a critical financing tool for municipalities to help fund growth-related costs, such that these costs do not get added to the general tax levy. The County's current DC By-laws (5127-22 and 5128-22) are set to expire on December 31, 2026. The County has two DC By-laws, one for roads and related costs, and the other for general services. Although the County has two by-laws, the end user pays a single County DC (i.e., the sum of the two County

by-law charges), in addition to any municipal DCs, for those municipalities that also have a municipal DC by-law in place.

Late in 2025, the County issued an RFP to hire a consultant to prepare a new DC Background Study and By-laws for the County. This is highly specialized work, which County staff do not have the in-house expertise to undertake. In early 2026, the County awarded the project to Hemson Consulting Limited (Hemson). Hemson's submission came in under the County's budgeted amount. Hemson has prepared the County's last four DC Background Studies and By-laws and is currently finalizing the County's Growth Management Strategy (GMS), which feeds into this DC work.

As required by the County in their RFP submission, Hemson has prepared an aggressive workplan which could see the work completed for County Council's consideration later this year. Given both Hemson and staff's experience with past County DC projects, this workplan is ambitious and may be tough to achieve if any 'stumbling blocks' are encountered. Staff are also cognizant that the County's proposed urban road exchanges, and the municipal election in October 2026, are matters which could impact this project. Although outside the County's control, additional changes to the *Development Charges Act* could also impact this project.

Regarding the urban road exchanges, it would be ideal for the County's new DC By-laws to consider the updated County road network and associated capital needs. With most of the road exchanges currently proposed to take effect in 2026 (if approved), it would leave very little time to reflect these changes, and for staff to start considering the capital needs of the newly uploaded roads for consideration in the County's DC Background Study. Delaying the passage of new DC By-laws into 2027 would allow Transportation Services staff some additional time to make recommendations on the capital needs of the uploaded roads for Council's consideration and to determine where work on these roads fit within the capital plan and funding model. Even in early 2027, staff will not have exact capital costing of all the uploaded road needs but will be in a better position to inform this process. Staff would note that a portion of the capital requirements for the proposed roads to be uploaded to the County would be growth-related and therefore DC eligible, whereas the remainder of those upgrades would need to be funded through other means, such as the levy and grant funding. Staff will work with Hemson on what the percentage of growth-related costs would be. The County would also need to remove any associated capital needs of the downloaded urban roads from the proposed DC Background Study and related charges in the By-laws.

Regarding the municipal election, the passage of DC By-laws is not specifically impacted by the restricted acts provisions (section 275) of the *Municipal Act*. As such, it would be possible for County Council to pass new DC By-laws after nomination day for the municipal election. That said, in working with past County Councils, sometimes there can be reticence to make decisions immediately before or after an election, which may impact the incoming Council, even where not limited by the *Municipal Act*. With DCs being a central tenant of municipal financing, having the incoming Council consider the Background Study and By-laws early in their term, may also serve as an important education opportunity for staff and Council. If the County were to defer passage of new DC By-laws into 2027, it would still allow for much of the background work to be completed in 2026, and for the current County Council to have input into the process.

Since the County last passed its DC By-laws, there have been numerous changes to the *Development Charges Act*. Most notably for this discussion, *Bill 185, Cutting Red Tape to Build*

*More Homes Act, 2024*, which permits municipalities to extend the life of DC By-laws from five years to ten years without doing a full Background Study or requiring a new public meeting. These changes are permitted provided that no other changes to the by-laws are made. Extending the life of DC By-laws is not appealable.

A final consideration is the changing landscape of the *Development Charges Act*. In discussions at ROMA in January, the province noted that additional changes to the *Development Charges Act* are being considered for the spring 2026 sitting of the legislature. Deferring the completion of the County's DC By-laws to 2027 would give some additional timing to consider such legislative changes (if passed by the province).

Finally, staff also wanted to seek Council's input on the following. In past DC processes at the County, there have been subcommittees of Council which acted as an advisory committee for the preparation of the DC Background Study and By-laws. As part of the DC project there are various considerations which impact the future DC By-laws and their applicability. For example, prior to the County's current DC By-laws, the County (a) did not have a non-residential DC, and (b) did not have policies which considered exemptions for purpose-built rental units or community improvement plan (CIP) incentivized developments. There were discussions with the past subcommittee which helped guide staff and inform their recommendations to Council. At the time of issuing the RFP in late 2025, County staff anticipated that this advisory committee would be the County's Budget and Finance Committee. Since then, Council has voted to dissolve the Budget and Finance Committee. As such, staff recommend that rather than establishing a new subcommittee of County Council, which may span into the next term of Council, that staff instead take any reports or discussions guiding the DC project directly to Committee of the Whole.

For the above-noted reasons, staff are recommending the following:

1. To work with the consultant to prepare a new DC Background Study and By-laws for 2027,
2. To prepare by-laws for County Council's consideration to extend the County's current DC By-laws (5127-22 and 5128-22), such that there will be no gap in collecting DCs before the new by-laws can be considered and passed, and
3. To seek Committee of the Whole's strategic direction throughout the DC project, rather than establishing a separate subcommittee of County Council for this purpose.

Should Council support the staff recommendations and pass by-laws to extend the DC By-laws 5127-22 and 5128-22, the 2027 DC rates would be indexed versions of the current 2026 DC rates, rather than entirely new DC rates.

## Legislated Requirements

The preparation of Development Charges By-laws is governed by the *Development Charges Act*.

## Financial and Resource Implications

The County's approved 2026 budget included \$66,300 for the completion of the DC project in 2026. The County funds this work on the new DC Background Study and By-laws, largely from

the collection of DCs (i.e., it's a growth-related cost). This project was awarded to Hemson at a cost of \$58,305, excluding HST. Staff have consulted with Hemson on the costs of extending this project into 2027. Hemson does not estimate much difference in costing, based on extending this project. Much of the work will still be completed in 2026, under their existing workplan. Some of the County's approved 2026 budget may need to be carried over into 2027. Staff will monitor the need for any carryover which will inform recommendations on the 2027 budget. Staff anticipate some additional funds will also be needed, beyond the 2026 budgeted amount, based on the need for education and some additional working sessions with the incoming Council, which may require some additional work by Hemson. Staff will include such costs in the 2027 budget but anticipate that they will be minimal and will be within the original approved budgeted amount for this project.

## Relevant Consultation

- Internal: CAO/Deputy CAO, Clerks, Finance, Legal Services, Planning and Transportation Services
- External: Hemson Consulting Limited

## Appendices and Attachments

None.