

**Subject: Treasurer's Report on 2024 Growth Related Revenues**

**File Number: ACS2025-FCS-FIN-0012**

**Report to Planning and Housing Committee on 3 December 2025**

**and Council 10 December 2025**

**Submitted on November 24, 2025 by Cyril Rogers, General Manager and Chief Financial Officer, Finance and Corporate Services Department**

**Contact Person: Gary Baker, Program Coordinator, Development Charges, Planning, Development and Building Services Department**

**613-580-2424 ext. 27406 Gary.Baker@ottawa.ca**

**Ward: Citywide**

**Objet : Rapport du Trésorier sur les 2024 revenus liés à la croissance**

**Numéro de dossier : ACS2025-FCS-FIN-0012**

**Rapport présenté au Comité de la planification et du logement**

**le 3 décembre 2025**

**et au Conseil le 10 décembre 2025**

**Soumis le 24 septembre 2025 par Cyril Rogers, Directeur général et chef des finances, Direction générale des finances et des services organisationnels**

**Personne ressource : Gary Baker, Coordonnateur de programme, Direction générale de la planification, des biens immobiliers et du développement économique**

**613-580-2424 poste 27406 Gary.Baker@ottawa.ca**

**Quartier : À l'échelle de la ville**

## **REPORT RECOMMENDATION**

**That the Planning and Housing Committee recommend that Council receive this report for information.**

## **RECOMMANDATION DU RAPPORT**

**Que le Comité de la planification et du logement recommande au Conseil municipal de prendre connaissance du présent rapport.**

## **BACKGROUND**

Section 43 of the *Development Charges Act* (DCA) requires the Treasurer to provide a year-end summary of development charge reserve fund balances to Council. The attached 2024 Summary Statement of Development Charge Reserve Funds (Document 1) lists the transactions relating to the various accounts including: opening and closing balances, interest earnings and expenses, category of services and a summary of the financial transactions.

## **DISCUSSION**

Development charges are one-time fees levied on new residential and non-residential properties to fund a portion of the City's growth-related capital costs. The authority to introduce development charges is authorized by provincial legislation and the schedule of capital projects and rates are outlined within the Development Charges Background Study and By-law.

The total amount of the charge applied varies by dwelling type and location, which reflects different costs associated with providing growth-related infrastructure services. The residential component is comprised of three area-specific charges: inside the greenbelt, outside the greenbelt and the rural area. The rates are structured to reflect growth-related infrastructure requirements within these three geographic locations. The rural area is further divided into serviced and unserviced development. Non-residential rates, applied to industrial and non-industrial uses, are calculated on a uniform city-wide basis. The various rates are designed so that the City collects enough revenue to pay for the necessary growth-related infrastructure.

The following engineering services are included in the summary: roads and related services, sanitary (wastewater), water, and stormwater, along with the following general services: public transit, fire, police, recreation facilities, parks development, libraries, paramedic services, affordable housing (discontinued in November 2022) and corporate studies (reinstated in November 2024).

The City approves most of the growth-related spending during the annual budget process with only those capital projects included in the background study being eligible for funding. This process is used to align the timing of infrastructure needed to accommodate growth with actual collections.

Reserve funds are monitored to ensure account balances follow the various funding policies and financial practices adopted by Council. The City has not utilized the option of temporarily borrowing funds across reserve fund accounts to pay for growth-related capital costs. The attached Summary Statement of Development Charge Reserve Funds (Document 1) provides an overview of financial activity within the various growth-related reserve funds, by service component, for the year ending December 31, 2024.

There have been several significant legislative amendments to the DCA that have impacted the timing of collection of development charges and the overall amounts eligible to be collected to recover growth-related costs. The financial impacts of recent legislative changes, including Bill 17, which introduced mandatory residential development charge deferrals to occupancy, will be examined in subsequent Treasurer's Reports.

The City must assess ongoing funding requirements while also considering the impact of the shift in annual financing responsibilities to municipalities coupled with the statutory deferral in DC collection timing and increased project costs based on the Building Construction Price Index (BCPI). There are various principles that were previously adopted for annual budgetary purposes that were designed to limit the financial risks when fulfilling ongoing funding commitments related to allocating development charges to maintain average levels of service. The indexation of the DC rates based on the BCPI will continue to provide a mechanism to assist in compensating for changes in construction prices.

In most cases, the City continues to spend or allocate 60% of the development charges in reserve funds on an ongoing basis. In 2024, net transfers to growth-related capital projects totaled \$172.6 million and were made in accordance with accounting guidelines that stipulate development charges may only be applied to eligible capital projects when expenditures are incurred. In addition, outstanding budgeted capital project transfers totaled \$745 million and forecasted debenture payments were \$683.6 million at the end of 2024. The combination of ongoing expenditures and budgeted funding allocations resulted in a total negative allocated closing balance of \$573.2 million. There are also ten eligible service consolidated reserve funds that have negative allocated closing balances, which means they have been fully encumbered in

advance of future development.

The City is expected, at the end of 2024, to continue to incur the forecasted growth-related capital costs that were identified and estimated within the various DC Background Studies and terms of the applicable DC By-laws. There are concerns, however, about the potential long-term financial sustainability should the cost of growth-related infrastructure continue to be statutorily exempt from paying development charges.

Document 2 provides a detailed listing of the various growth-related capital projects that had development charges transferred to or from them, as well as the total budgeted financing and funds that were applied upfront from other sources. The statement fully documents the growth versus non-growth funding shares for all development-related projects. An additional reference number has been added to certain projects, which improves transparency and traceability.

Document 3 summarizes the various transactions involving Cash-in-lieu of Parkland Deferred Revenue Accounts. In 2024, the City collected \$15.9 million in revenue and generated an additional \$2.3 million in interest. Capital project transfers that are used as a funding source totaled \$7.2 million. The closing total account balance excluding outstanding commitments as of December 31, 2024, was \$109.3 million. Document 4 lists the annual allocations and collections involving the Community Benefits Charge Deferred Revenue Accounts. The City collected \$1.9 million in revenue and earned an additional \$365,450 in interest. Development-related capital costs that were funded in 2024 totaled \$1.1 million. The closing total account balance excluding outstanding commitments as of December 31, 2024, was \$13.4 million.

Non-statutory development charge exemptions for various uses and services, excluding the public transit component, are listed within the Development Charges by-law. The resulting revenue shortfall may not be recovered through higher rates imposed on other development types in the future. To offset the annual foregone contributions, the City reimburses reserve funds from general revenues on a yearly basis. Council authorizes this contingency amount during the annual budget process.

This approach allows the City to identify the on-going costs associated with providing various discretionary development charge exemptions granted under the by-law. In 2024, \$2.9 million was transferred to offset the overall revenue shortfall, excluding Brownfields credits, with the various exemption types listed in Document 5.

The City has just approved an updated Transportation Master Plan, which will reset the

forecasted expenditures on Roads and Related Services in the upcoming 2026 Capital Budget and Forecast. The Summary List of Forecasted Expenditures (Document 6) will be available and posted after the approval of the budget that will outline the changes in funding priorities.

Development charges are a key source of financing of the City's capital program related to the expansion of infrastructure to service new growth. With the City's unique blend of major urban, suburban, and rural infrastructure needs, it is important that the legislation continue to provide flexibility in how development costs are funded. Without proper levels of growth-related revenue to balance the funding required to pay for new infrastructure the City may need to consider deferring projects, taking on additional debt and/or increasing other revenue sources if projected growth and corresponding revenues are insufficient to pay for the required capital investments. Without alternative funding sources, municipalities must be allowed to levy development charges to provide for the services that can be clearly demonstrated as resulting from growth.

## **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

## **LEGAL IMPLICATIONS**

There are no legal impediments to receiving this report for information. This report is before Council pursuant to the legislative requirement to submit financial statements regarding development charge fund activity under Section 43 of the *Development Charges Act*.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a citywide report.

## **CONSULTATION**

Preparation of the attached documents is a legislative requirement; no public consultation is required.

## **ACCESSIBILITY IMPACTS**

Finance and Corporate Services adheres to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives. This report is administrative in nature and has no associated accessibility impacts.

**TERM OF COUNCIL PRIORITIES**

This report supports the current 2023-2026 Term of Council Priorities as well as the City's commitment to financial sustainability and transparency.

**SUPPORTING DOCUMENTATION**

**Document 1:** Summary Statement of Development Charges Reserve Funds for the Period Ended December 31, 2024

**Document 2:** Details of 2024 Development Charge Capital Project Funding for the Period Ended December 31, 2024

**Document 3:** Cash-in-Lieu of Parkland Deferred Revenue Accounts for the Period Ended December 31, 2024

**Document 4:** Community Benefits Charge (Section 37) Deferred Revenue Accounts for the Period Ended December 31, 2024

**Document 5:** Summary List of Development Charge Exemptions Granted at Building Permit Issuance for the Period Ended December 31, 2024

**DISPOSITION**

In accordance with recent changes made to the Development Charges Act, a copy of the Treasurer's Statement will be posted to the City's website.