

Memo

To: Members of Council
From: Matt Day, Manager, Development Financing & Investments
Jonathan van der Heiden – Deputy Treasurer and Director of Finance
Nancy Sully – Commissioner, Corporate Services and Treasurer
Date: February 13, 2024
Subject: Annual Indexing of Development Charge Rates

This memo is to provide an update of the change in the Town of Oakville’s development charge rates, effective April 1st, 2024.

By-law 2022-068 was approved by Council on July 12th, 2022, in accordance with the *Development Charges Act, 1997* to impose a development charge (DC) against land where its development or redevelopment would increase the need for services. This by-law contains a provision that DC rates be indexed annually on April 1st in accordance with the most recent twelve-month change in the Statistics Canada Quarterly, Construction Price Statistics (Non-residential Building Construction Price Index). The index for the Toronto area has increased by 5.5% from the fourth quarter of 2022 to the fourth quarter of 2023. The provision to index is intended to reflect the impact of inflation on the cost of providing growth related infrastructure.

Please note that the Region of Halton will be indexing their DC rates as well on April 1st, 2024 subject to approval by regional council. The school boards however do not index their DC rates in accordance with the *Education Act*.

With the passage of Bill 23, the *More Homes Built Faster Act, 2022*, the town is required to provide a phase-in of DC rates for any new by-law passed on or after January 1st, 2022. The phase-in is a discount from the maximum DC that could be charged under the by-law. The discount schedule is shown in the following chart, which will result in an additional change to the town’s DC rates on July 13th, 2024 when the town moves from year 2 to year 3 of the mandatory phase-in:

From	To	Discount
July 13, 2022	July 12, 2023	20%
July 13, 2023	July 12, 2024	15%
July 13, 2024	July 12, 2025	10%
July 13, 2025	July 12, 2026	5%



A comparative schedule illustrating the impact of the rate change is provided in Table 1.

Table 1: Town of Oakville Development Charge Rates

	DC By-law Full Rates		Actual Rates - Bill 23 New By-law Phase In		
	April 1, 2023	April 1, 2024	Current Rates	April 1, 2024	July 13, 2024
RESIDENTIAL			15% Discount	15% Discount	10% Discount
Single and Semi-Detached Dwelling	51,949	54,807	44,157	46,586	49,326
Multiples	38,454	40,569	32,686	34,484	36,512
Apartments - 2 Bedrooms +	26,074	27,508	22,163	23,382	24,757
Apartments - Bachelor and 1 Bedroom	19,657	20,738	16,709	17,628	18,665
Special Care/Special Dwelling Units	15,512	16,365	13,185	13,911	14,729
NON-RESIDENTIAL					
(per sq.ft. of Gross Floor Area)	14.30	15.09	12.16	12.83	13.58