
For Information

REPORT TITLE: **Statement of Development Charges Reserve Funds - Fiscal Year 2024**

FROM: Davinder Valeri, CPA, CA, Chief Financial Officer and Commissioner of Corporate Services

OBJECTIVE

To provide the statement of development charges reserve funds for fiscal year 2024 to meet the annual statutory reporting requirement.

REPORT HIGHLIGHTS

- Section 43 of the *Development Charges Act, 1997* (“DC Act”) requires that the Treasurer of the municipality provide to Council annually a financial statement of development charges (DC) related transactions and balances.
 - Appendix I of the subject report – Statements of Development Charges Reserve Funds – Fiscal Year 2024 summarizes the DC reserve transactions and activities for the year ended December 31, 2024, which resulted in a net decrease of \$17.2 million (from a consolidated DC reserve funds balance of (\$211.3) million to (\$228.5) million).
 - DCs are the primary source of funding for growth-related infrastructure necessary to support housing development.
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DISCUSSION

1. Background

In accordance with Section 33 of the *Development Charges Act*, the Region of Peel maintains separate reserve funds for each program that a DC relates to (e.g., Water, Roads, and Wastewater). The monies collected from Development Charges By-law 77-2020, as well as GO Transit By-law 45-2001 have been distributed to the appropriate development charges reserve funds. Pursuant to Section 43 of the *DC Act*, the Regional Treasurer shall present a financial statement to Regional Council regarding the DC by-laws and reserve funds. The Treasurer’s statement must include, for the preceding year:

- a) statements of the opening and closing balances of the reserve funds and of the transactions relating to the funds;
- b) statements identifying:
 - i. all assets whose capital costs were funded under a development charge by-law during the year,
 - ii. for each asset mentioned in subclause (i), the manner in which any capital cost not funded under the by-law was or will be funded; and,

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- c) a statement as to compliance with Subsection 59.1(1) of the *DC Act*, in that it did not impose a charge related to a development, or a requirement to construct a service related to development, except as permitted by the *DC Act*, or another Act.

The Treasurer is also required to provide a copy of the statement to the Minister of Municipal Affairs and Housing upon request.

Section 14 of the 1989 *DC Act* stipulates that current or former owners of land who paid a lot levy are entitled to a credit for those payments. The *DC Act* required owners and former owners to apply for credit by October 31, 1999. The Region of Peel is obligated to fund the total credit claims applied for within the prescribed period.

This required information is provided in the schedules contained in Appendix I structured into the following four sections:

- a) Section A: Summary of the Statement of Development Charges Reserve Funds;
- b) Section B: Details of Project Funding by Program;
- c) Section C: Section 14 Credit Holders; and,
- d) Section D: Glossary of Terms.

2. Analysis - Development Charges Reserve Fund Statement

DCs are the primary source of funding for growth-related infrastructure necessary to support housing development. In 2024, DC expenditures, including debt repayments, were greater than DC contributions. As a result, a net draw of \$268.6 million was made from the DC Reserve Fund as outlined in Table 1.

Table 1 – 2023 and 2024 DC Activity Summary (\$ Millions)

	2023	2024	Year-Over-Year Change
DC Collections	179.0	299.2	67.2%
Less: Capital Expenditures	372.0	453.7	22.0%
Less: External Debt Repayments	112.3	114.1	1.6%
Net Draw from DC Reserve Fund ^a	(305.3)	(268.6)	

^a Excludes internal interest & transfers from other reserves.

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Table 2 presents information reported in Section A of Appendix I, which outlines the 2024 Status Summary of DC Reserve Funds, in which the year's beginning balance includes total gross debt at the time of \$2.0 billion (outstanding debt balance of \$1.6 billion). The DC reserve transactions and activities for the year ended December 31, 2024, resulted in a closing deficit balance of \$228.5 million and a negative balance of \$3,374.1 million after commitments to active capital works.

**Table 2 - 2024 Status Summary of DC Reserve Funds
(\$ Millions)**

Beginning Balance as at January 1, 2024 ^{a,b}			(211.3)
Add:	Developer Contributions	299.2	
	Internal Interest Income	(13.8)	
	Transfers From Other Reserves	(0.04)	285.3
Less:	Capital Spending	(453.7)	
	External Debt Repayment Charges		
	Sinking Fund Contribution	(49.2)	
	Principal	(3.7)	
	Interest Expense	(61.2)	(114.1)
			(567.8)
			(493.8)
Closing Balance as at December 31, 2024			(228.5)
Less:	Outstanding Section 14 Credits	(3.7)	
	Balance Committed to Active Capital Works	(3,142.0)	(3,145.7)
	Projects (Encumbrance)		
Over Committed Development Charges Reserve Fund as at December 31, 2024			<u>(3,374.1)</u>

^a The reserve balance has been credited with total gross debt issued for DC purposes of \$2.02 billion.

To date \$684.3 million in cumulative sinking fund and principal payments have been made.

^b Numbers may not add due to rounding.

CONCLUSION

The subject report complies with the Region of Peel's reporting obligation under Section 43 of the *Development Charges Act, 1997*. The attached Statements of Development Charges Reserve Funds – Fiscal 2024 (Appendix I) are presented to Council in compliance with the DC Act.

APPENDICES

Appendix I - Statement of Development Charges Reserve Funds - Fiscal Year 2024
(Sections A-D)

Statement of Development Charges Reserve Funds - Fiscal Year 2024



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